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Long-Term Unemployed Youth: Characteristics and Policy Responses

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Long-Term Unemployed Youth: Characteristics and Policy Responses

Abstract

While the youth labour market has improved considerably since 2014, one legacy of the recent economic crisis is the large cohort of long-term unemployed young people, which represents nearly one-third of jobless young people. This report provides an updated profile of the youth labour market in 2016 and describes trends over the past decade. It explores the determinants of long-term unemployment, at both sociodemographic and macroeconomic levels. It also provides evidence on the serious consequences for young people of spending a protracted time in unemployment, such as scarring effects on income and occupation and on several dimensions of young people's well-being. The report concludes with a discussion of selected policy measures recently implemented by 10 Member States in order to prevent young people from becoming long-term unemployed or, if they are in such circumstances, to integrate them into the labour market or education.

Keywords

youth labor market, unemployment, income, occupation, well-being, Europe

Comments

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Country codes

AT	Austria	FI	Finland	NL	Netherlands
BE	Belgium	FR	France	PL	Poland
BG	Bulgaria	HR	Croatia	PT	Portugal
CY	Cyprus	HU	Hungary	RO	Romania
CZ	Czech Republic	IE	Ireland	SE	Sweden
DE	Germany	IT	Italy	SI	Slovenia
DK	Denmark	LU	Luxembourg	SK	Slovakia
EE	Estonia	LT	Lithuania	UK	United Kingdom
EL	Greece	LV	Latvia		
ES	Spain	MT	Malta		

Acronyms used in the report

EQLS	European Quality of Life Survey
ESF	European Social Fund
ESS	European Social Survey
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
NEET	not in employment, education or training
NGO	non-governmental organisation
OECD	Organisation for Economic Co-ordination and Development
OLS	ordinary least squares
PES	public employment services
WHO	World Health Organization

Executive summary

Introduction

Despite positive signs of improvement in the youth labour market across the European Union since 2014, concerns persist regarding the high levels of youth unemployment and long-term youth unemployment. While long-term youth unemployment is certainly not a new policy challenge for Europe, there is broad agreement that, having been exacerbated by the 2008 economic crisis, it now affects a wider range of young people than it ever did before, ranging from those with third-level degrees to the most disadvantaged young people. The prevalence of long-term youth unemployment also differs considerably across EU Member States and has been subject to noticeable variations across time. Although the majority of Member States have recorded an increase in long-term youth unemployment rates since the crisis, a number of countries seem to be managing this policy challenge by putting appropriate support measures in place.

This study presents a detailed examination of long-term youth unemployment in Europe. It seeks to identify the factors that increase the risk of a young person being jobless for 12 months or more and to analyse the scarring effects this has on well-being, as well as on income and employment prospects in the long term. In addition, the study examines policy initiatives from 10 Member States in order to shed light on successful approaches to addressing this policy issue.

Policy context

As previous research highlights, young people can deal relatively well with short spells of unemployment. Long-term disengagement, however, is likely to have a scarring effect on future labour market participation as well as earnings over the life course and thus may lead to social exclusion for those affected. In order to reduce the risk of producing a 'scarred generation', the recently introduced Youth Guarantee provides the most important policy framework for actions to prevent the long-term disengagement of young people. The four-month intervention point at which every young person under the age of 25 receives an offer of employment, continued education, an apprenticeship or traineeship is an important early activation milestone for preventing long-term disengagement. Alongside the Youth Guarantee, the Council Recommendation of 15 February 2016 on integrating the long-term unemployed into the

labour market forms another pillar for policy interventions at Member State level. While this recommendation does not focus on young people explicitly, it is widely acknowledged that youth unemployment and long-term unemployment are the most important legacies of the crisis, two challenges that will need to be addressed at EU and Member State levels.

Key findings

- Young people are more affected than other age groups by long-term unemployment. In 2016, 5.5% of the active population of young people in Europe aged 15–24 years were long-term unemployed. This share is higher than that recorded for prime-age and older workers (3.9% for both). It means that almost one-third (29.5%) of unemployed young people are long-term unemployed. The situation has improved considerably since 2013, however, when long-term unemployment reached almost 8% of the active population of young people. Nonetheless, in 2016, almost 1.3 million young people in the EU were out of work and actively seeking employment for at least 12 months.
- This study found that lack of education and lack of work experience are the two main driving factors in increasing the likelihood of a young person becoming long-term unemployed.
- The analysis confirmed the scarring effects that early experience of long-term unemployment may have on a young person's lifelong economic outcomes. In particular, it confirmed that, while the scarring effect on employment participation tends to disappear over time, those who experience long-term unemployment are more likely to be employed in semi-skilled and unskilled occupations when re-entering in the labour market. In addition, past and early experiences of long-term unemployment have lifelong negative effects on earnings prospects, entailing an income penalty over the life course.
- Long-term unemployment dramatically affects several dimensions of young people's well-being. In particular, it decreases overall life satisfaction and, importantly, increases the risk of social exclusion, while also decreasing optimism about the future. They are also more likely to be deprived compared with others in the same age group, including the short-term unemployed.

- Member States have implemented a variety of policy measures – both recently and over the long term – that aim to support the reintegration of those who have been excluded from the labour market for an extended duration. An analysis of 10 such policy measures showed that a variety of approaches are taken, depending on country-specific experiences of long-term youth unemployment. These range from preventative and reintegrative approaches to structural reforms that aim to remove barriers to young people’s labour market access.
- The analysis highlighted the necessity for programmes to begin with an in-depth assessment of individual needs and to develop individualised pathways, since long-term unemployed people tend to have specific needs and characteristics that differ from the needs of other unemployed people.
- A broad approach should be taken to improving the employability of this group. Motivation needs to be re-established and expectations managed. Efforts should seek to build trust and confidence in the institutions that seek to engage them, which may have been broken by past negative experiences.
- Flexible designs, decentralised implementation, involvement of stakeholders and close cooperation with relevant actors, especially local employers, are all important drivers of success for such initiatives. There is broad agreement that policy measures assisting young people to enter or re-enter the world of work need to engage employers, ideally in both project design and implementation.
- Given the many levels of disadvantage that long-term unemployed young people are more likely to face, a multidimensional policy response is needed, one that includes innovative new approaches in policy design and implementation. For this reason, a holistic, individualised and young-people-centred approach is crucial for bringing young people back on track. Such an approach includes elements such as counselling, mentoring, referral to specialised support, tailor-made training and job placements, as well as flexible and sustained support through all stages of the programme.

Policy pointers

- Reaching out to long-term unemployed young people is the first step towards reintegration. While traditional forms of contact may be expensive and quite ineffective, use of alternative channels, especially online tools such as dedicated websites and social media, may be an efficient and cost-effective option.

Introduction

In 2017, Europe finally regained a stable path towards recovery, with growth in the economies of all Member States. Participation in the labour market has also started to increase again in all Member States, and, at 66%, it is now higher than before the economic crisis. The unemployment rate (8.7%) decreased for the third year in a row and, although still higher, is drawing closer to the pre-crisis rate (7.2%).

While the situation varies greatly among Member States, the recovery in labour market participation has not been the same for all groups, and age has been the main driving factor here. In fact, while the employment rate of older workers, aged 50–64 years, has increased remarkably, from 55.4% in 2007 to 63.4% in 2016, the employment rates of prime-age workers (25–49 years) and, to a greater extent, of young people (15–24 years) are below pre-crisis levels. In particular, the employment rate of young people is now 33.7%, against a rate of 37.2% in 2007.

Similar trends are recorded in unemployment statistics. While the unemployment rate is higher now than in 2007 for all age groups, the increase in unemployment has been larger for young people (18.7% in 2016 against 15.7% in 2007) than for prime-age (8.2% against 6.4%) and older workers (6.5% against 5.4%).

These data provide a brighter picture of labour market participation in Europe than previously, with considerably lower unemployment rates and higher employment rates than during the crisis, but young people are still struggling to get a foothold in the labour market in this time of recovery. While spending a limited period in unemployment may be considered a stressful but normal part of the school-to-work transition for young people, protracted disengagement from the labour market or education can seriously damage their employability and future careers. In fact, it is well established in the research literature that lengthy periods when they are not working or studying may scar young people for life. These scars can have a negative effect on future employment outcomes and earnings, as well as on physical and mental well-being, with the risk of a general disengagement from life and society.

One way to investigate long-term disengagement from the labour market is to examine long-term unemployment, its characteristics and consequences. A job-seeker is categorised as long-term unemployed once they have been unemployed for more than 12

months. Measuring long-term unemployment is not always straightforward, however, and in this report two indicators are adopted:

- the long-term unemployment rate, which measures the proportion of long-term unemployed people among the total unemployed population (OECD, 2017);
- the share of long-term unemployment among the economically active population, which involves measuring the proportion of the active population who are long-term unemployed (Eurostat, 2017).

While the long-term unemployment rate depicts the composition of unemployment, the long-term unemployment share describes the severity of the phenomenon in the economically active population. As a consequence of the economic crisis, the share of long-term unemployed people among the active population of young people soared from 3.6% in 2008 to a peak of almost 8% in 2013. The share fell to 5.5% in 2016, still higher than among prime-age and older workers (3.9% for both groups), corresponding to 1.25 million young people.

Similarly, the long-term youth unemployment rate increased considerably, from 23% in 2008 to around 30% in 2016, meaning that almost one-third of unemployed young people have been looking for a job for 12 months or more without success. As the data show, of these, the majority have been out of work for more than two years, illustrating the risk of job-seekers becoming trapped in protracted spells of unemployment. The extent of long-term youth unemployment varies considerably across Member States, with the highest rates recorded in Greece (53%), Italy (52%) and Slovakia (47%), while the lowest rates are found in all countries with very well-developed policy interventions, including well-functioning Youth Guarantee schemes, such as Denmark (8%), Finland (7%) and Sweden (5%). However, the long-term unemployment rate is lower among young people than for workers in other age categories, indicating that youth unemployment generally lasts for a relatively shorter duration.

Eurofound in recent years has focused extensively on the situation of young people in today's labour market. Substantial contributions to the policy debate were made with the Eurofound reports on young people not in employment, education or trainings (NEETs) (2012),

youth transitions in Europe (2014), the social inclusion of young people (2015) and the diversity of NEETs (2016). This report closes the circle. Focusing on young people aged 15–24 years, and taking those aged 25–29 years into account also, it examines long-term unemployment in Europe. It seeks to describe the factors that contribute to the risk of protracted disengagement among the young, as well as the potential scarring effects of long-term disengagement, including the effects on well-being in the broadest sense. In addition, recent policy initiatives from 10 Member States are presented in order to shed light on what options for addressing this policy issue have already been successfully implemented.

The report is organised as follows. Chapter 1 discusses labour market participation trends among young people over the last 10 years and provides an updated picture of the situation in 2016. Chapter 2 investigates micro- and macro-determinants of long-term unemployment among young people. As this report will highlight in detail, a number of factors increase an

individual's risk of experiencing long-term unemployment, particularly poor educational attainment and lack of work experience. Chapter 3 focuses on the consequences of long-term unemployment for young people, investigating the scarring effects of spending protracted time outside the labour market and education on future economic outcomes and on several dimensions of young people's well-being. In order to inform better policymaking and building on Eurofound's previous research in the field of youth employment and unemployment, Chapter 4 presents selected initiatives across 10 Member States that aim to reintegrate long-term unemployed young people into the labour market. It looks at the context, aims and shared features of these measures, as well as the extent of stakeholder involvement. Chapter 5 continues the discussion of these measures, with information on the financial and resource input invested in them and the outcomes achieved, as well as an outline of lesson learned that may be applied in other initiatives.

1 Labour market participation of young people

This chapter provides a brief introduction to the situation regarding youth labour market participation in the EU as a whole and in its Member States. Based on the latest available official Eurostat data, it describes the current labour market participation of young people, as well as the trends over the past 10 years. It looks in detail at the NEET population, a section of which is unemployed long term. The chapter then turns to focus on the population of long-term unemployed youth specifically. It looks at their main characteristics through descriptive statistics, offering a first empirical insight into the problematic area of long-term unemployment among young people. Throughout the chapter, the focus is on those aged 15–24 years, but at the end of the chapter, the situation for those aged 25–29 years is presented in brief.

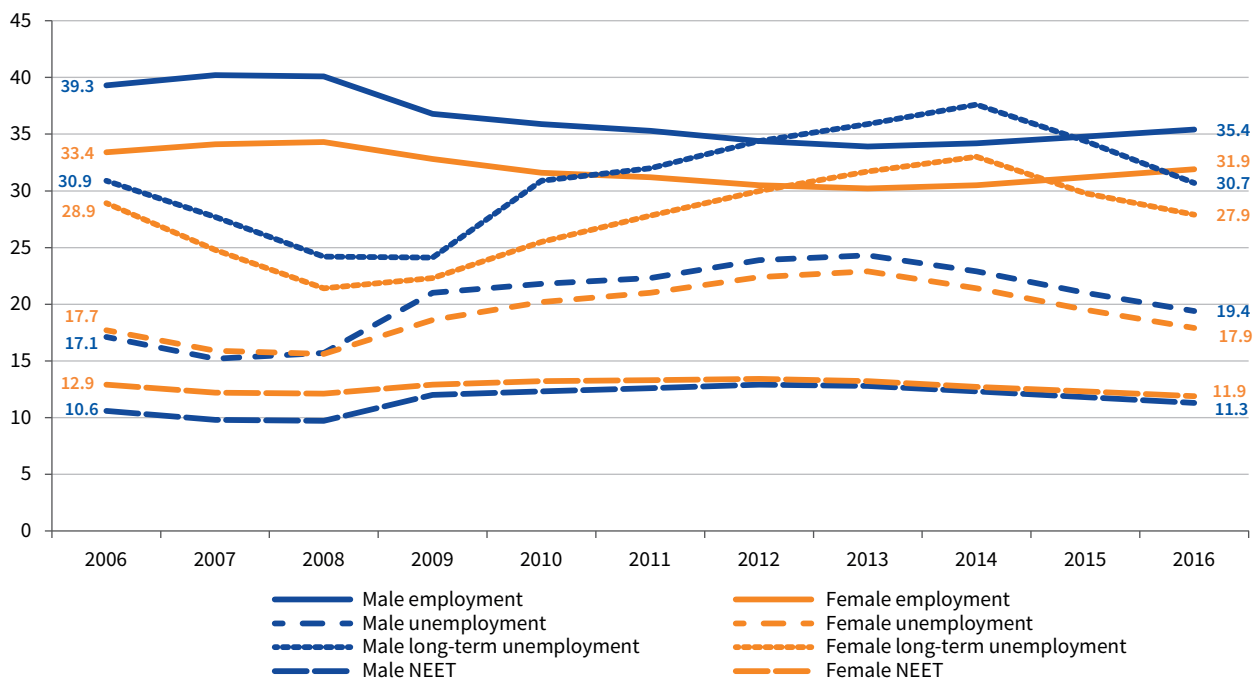
Labour market attachment over the last decade

Three quite distinct periods are apparent in the labour market participation of young people aged 15–24 years in Europe over the last decade, 2005–2016. The first period, from 2005 to 2008, is characterised by generally favourable developments for young people at EU level and in all Member States. The youth employment rates for those aged 15–24 years increased slightly during this period for both men and women, reaching 40.2% for men and 34.1% for women in 2007. Youth unemployment decreased continuously since 2005 – probably partly driven by Member State-level and European initiatives to promote longer education and learning – and reached 15.5% in 2007. The NEET rate, which monitors young people not in employment, education or training, decreased to 10.9% in 2008. Similarly, and reflecting the general favourable climate, long-term youth unemployment as a share of unemployed young people declined for both men and women and reached 23% in 2007.

Then, in 2008, the global recession hit European economies. After 2008 and up until 2013, the negative effect of the crisis on labour markets, especially the youth labour market, became clear. Companies hoarded labour (often with reduced working hours), wages became flexible downwards, and public sector hiring was frozen, all of which reduced the demand for young people in the labour market. The youth employment rate fell dramatically, dropping from 37.3% in 2008 to 32.1% in 2013. Conversely, youth unemployment and long-term unemployment increased sharply, reaching historical peaks in the EU and in several Member States (Eurofound, 2014). In particular, the youth unemployment rate soared from 15.6% in 2008 to 23.7% in 2013, while the rate of long-term unemployment among the unemployed youth population grew from 23% to 34% in the same period. The NEET rate in Europe increased similarly, from 10.9% in 2009 to a peak of 13.2% in 2012. Due to the sectoral nature of the crisis, unemployment and long-term unemployment rates rose most sharply among young men. In those years, fear of losing a generation to unemployment mobilised policymakers to take action. The youth unemployment issue entered the centre of the policy debate, and the Youth Guarantee was proposed by the Council of the European Union on 23 April 2013 (Council of the European Union, 2013).

From 2014 on, as the economic recovery slowly but finally arrived, the situation improved at both European and Member State levels. After five years of decreasing constantly, the trend in the employment rate of young people changed and started to slowly, but steadily, increase again, rising from 32.1% in 2013 to 33.7% in 2016. Similarly, unemployment rates and the share of young people who are NEET started to decrease at EU level and in all Member States. The youth unemployment rate decreased from 23.7% in 2013 to 18.7% in 2016, while the NEET rate decreased from 13% in 2013 to 11.5% in 2016. This time, the decrease was more consistent for young men than for young women. Long-term unemployment among young people fell from 35.6% in 2014 to 29.5% in 2016.

Figure 1: Employment, unemployment, long-term unemployment and NEET rates for young people (%), EU, 2006–2016



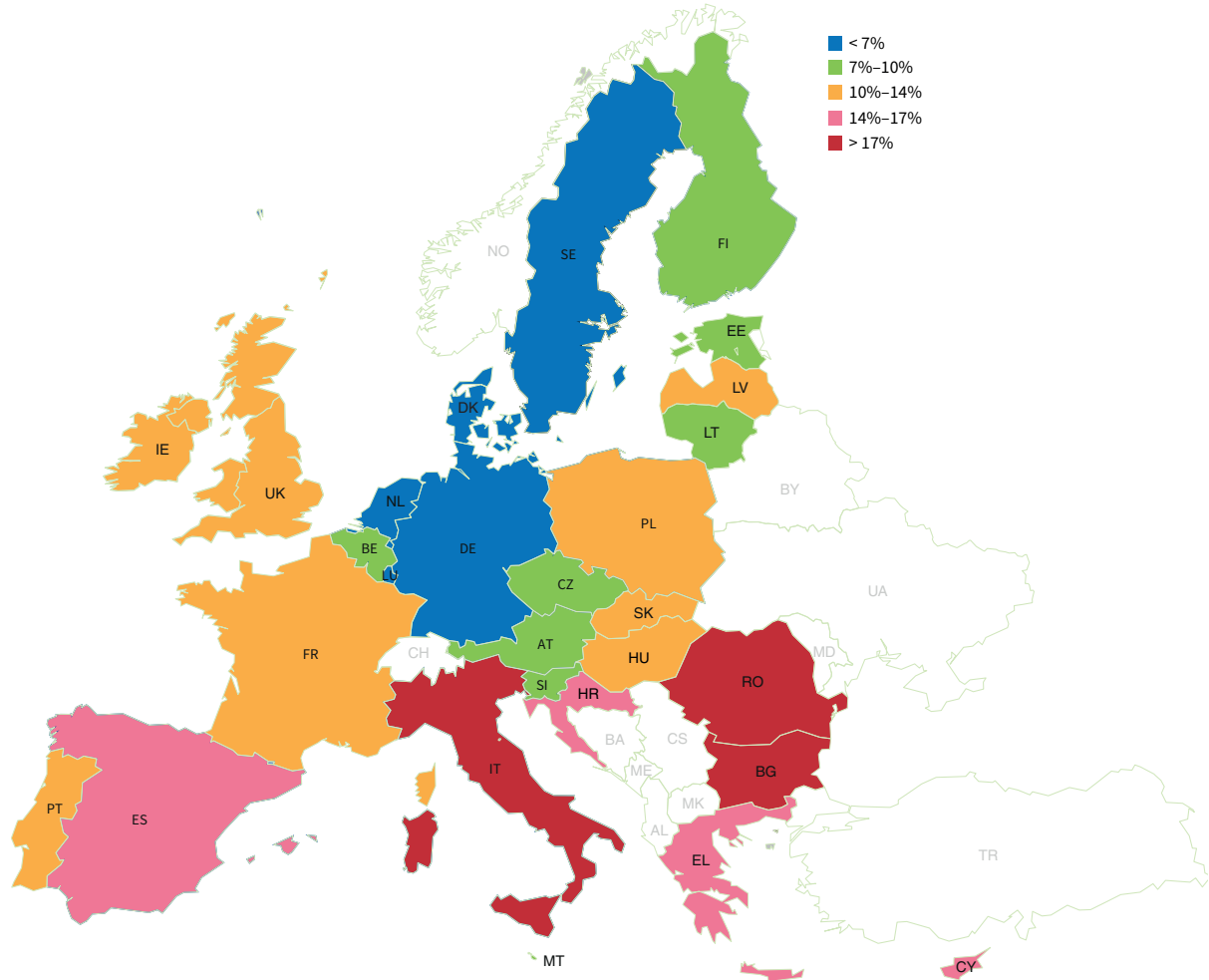
Note: Rates for people aged 15–24 years.
Source: Authors' own calculations based on Eurostat data

Figure 1 compares the EU youth employment rate, unemployment rate, long-term unemployment rate and NEET rate by gender, for the 10 years from 2006 to 2016. Note that since these rates refer to different subgroups of the population, they are not directly comparable. For example, the employment rate and the NEET rate are calculated as a share of all young people (15–24 years); the youth unemployment rate is calculated as a share of the active young population; and the long-term youth unemployment rate is calculated as a share of the unemployed youth population. Nevertheless, the chart gives a good representation of recent developments in Europe regarding the participation of young people in the labour market.

Focus on NEETs

According to the latest Eurostat data, from 2016, the share of young people aged 15–24 years in Europe and classified as NEET was 11.5%, a marked decrease from in 2013, when it was 13%. In absolute numbers, around six million young people belong to the NEET group. However, the prevalence of NEETs varies substantially among Member States (Figure 2). Denmark, Germany, Luxembourg, the Netherlands and Sweden record the lowest NEET rates (below 7%). Conversely, Bulgaria and Italy record the highest NEET rates – greater than 19% in the case of Italy, which implies that almost one in five young people in this Member State is not in employment, education or training. In absolute terms, the population of NEETs is highest in Italy, at around one million young people. Among those aged 15–29 years, the overall number of NEETs in the EU was less than 14 million in 2016 – a rate of 14.2%. The countries with the lowest NEET rates for this age group are Denmark (7.4%), Luxembourg (6.8%), the Netherlands (6.3%) and Sweden (7.1%), all below 8%. Conversely, the highest NEET rates are observed in Greece (22.2%) and Italy (24.1%); in these countries, almost one young person out of every four, in this wider age bracket, is NEET.

Figure 2: NEET rates, EU Member States, 2016



Source: Authors' own calculations based on Eurostat data

NEETs and gender

Among those aged 15–24, there are more NEET women than men. In 2016, the EU NEET rate for young women in this age group was 11.9% against 11.3% for young men. As a result of the wider participation of young women in the labour market and in education, and due to the nature of the economic crisis, this gap of 0.6 percentage points is considerably smaller than that observed in 2000 (3.4 percentage points) and somewhat smaller than 2011 (0.9 percentage points) (Eurofound, 2012b). However, there is great variation among Member States. In the Czech Republic, Germany, Romania and the UK, around 55% of NEETs are young women. Young men form the majority (about 55%) in Cyprus, Croatia, Finland and Luxembourg.

In the wider age range (15–29 years), the gender gap among NEETs is larger. In the EU in 2016, the female NEET rate was 16.3% compared to the male rate of 12.2%. This gap of 4.1 percentage points is considerably less than the 6 percentage points recorded before the crisis. While there is considerable variability among Member States, only in Croatia, Cyprus, Finland and

Luxembourg is the share of men larger than that of women in this age group. The gender gap is widest in the Czech Republic, Germany, Hungary, Malta, Romania, Slovakia and the UK, where around 60% or more of NEETs in this age category are young women.

NEETs and educational attainment

Education is a main driver affecting the likelihood of becoming NEET. Eurofound (2012b) found that young people with a lower educational level were three times more at risk of becoming NEET in comparison with those with a tertiary education. Earlier research also found that the status of NEET is often associated with low educational level or early school-leaving (Furlong, 2007; Istance et al, 1994). In the EU, in 2016, 48% of NEETs aged 15–24 years on average had an upper secondary level of education, which corresponds to International Standard Classification of Education (ISCED) Level 3–4. A slightly smaller proportion, 44%, had completed education up to lower secondary level (ISCED 0–2). Given the young age range, only 8% had a tertiary education (ISCED 5–8). At Member State level, there is a great deal of variation. In Germany, Malta and

Spain, more than 50% of NEETs have attained only ISCED Level 0–2. In Croatia, Greece and Poland, more than 60% of NEETs have ISCED Level 3–4. Meanwhile, in Cyprus, more than 30% of NEETs have completed ISCED Level 5–8. Disaggregating ISCED Level 3–4 into general courses and vocational educational training (VET) courses reveals that the group with a VET-oriented education is larger, probably because those who complete general courses are more likely to continue their educational trajectory by entering in tertiary level.

Composition of the NEET population in 2015

The NEET population is very easy to compute statistically. However, the indicators capture a highly heterogeneous population: a mix of vulnerable and non-vulnerable young people with very different characteristics and needs (Eurofound, 2012b). In disentangling the heterogeneity of NEETs, it is crucial to recognise the needs of this population and address them with appropriate and targeted policies (Eurofound 2012a, 2016; ILO, 2015; Serracant, 2013).

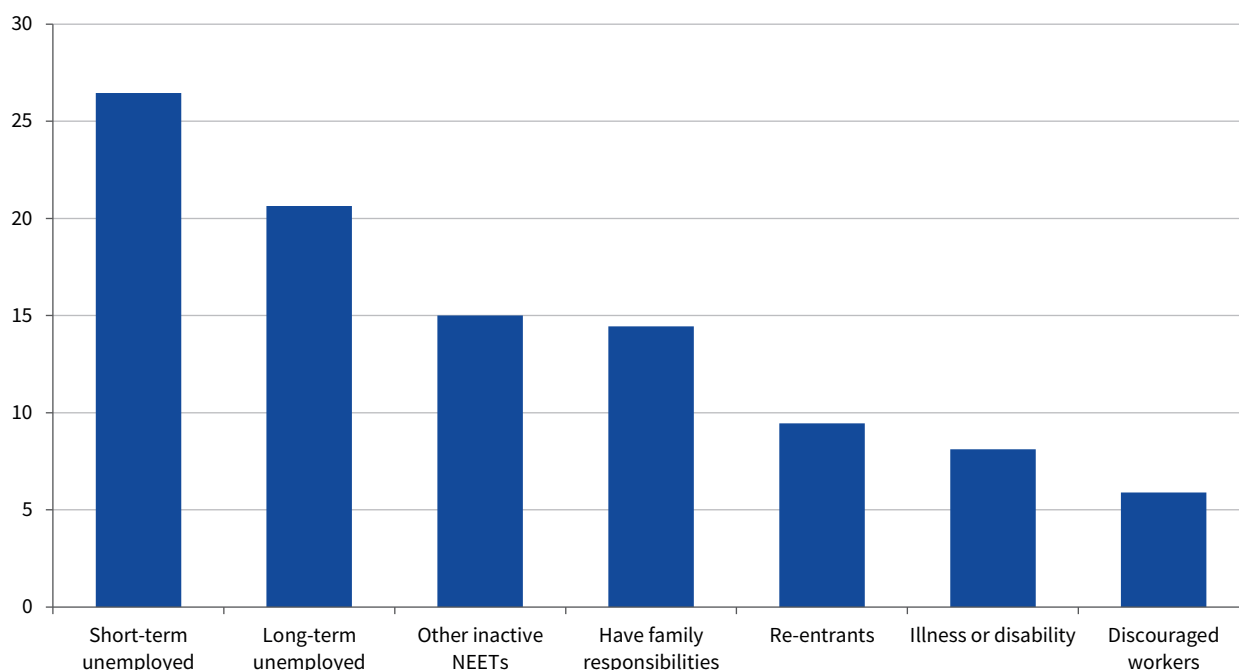
In order to better understand the composition of the NEET population, Eurofound (2016) used the EU Labour Force Survey (EU-LFS) to propose a new categorisation of the NEET population. This innovative approach identified seven categories of NEET.

- **Re-entrants:** Those who will soon leave the NEET category as they have already found a job or an educational opportunity.
- **Short-term unemployed:** Those who are unemployed for less than 12 months.

- **Long-term unemployed:** Those who are unemployed for more than 12 months.
- **Unavailable due to family responsibilities:** Those who are NEET because they are responsible for the care of children or other relatives.
- **Unavailable due to disability:** Those who are unavailable because they have an illness or disability.
- **Discouraged workers:** Those who are not looking for work because they do not think there is a job for them.
- **Other inactive NEETs:** Those who have not specified their reasons for being NEET.

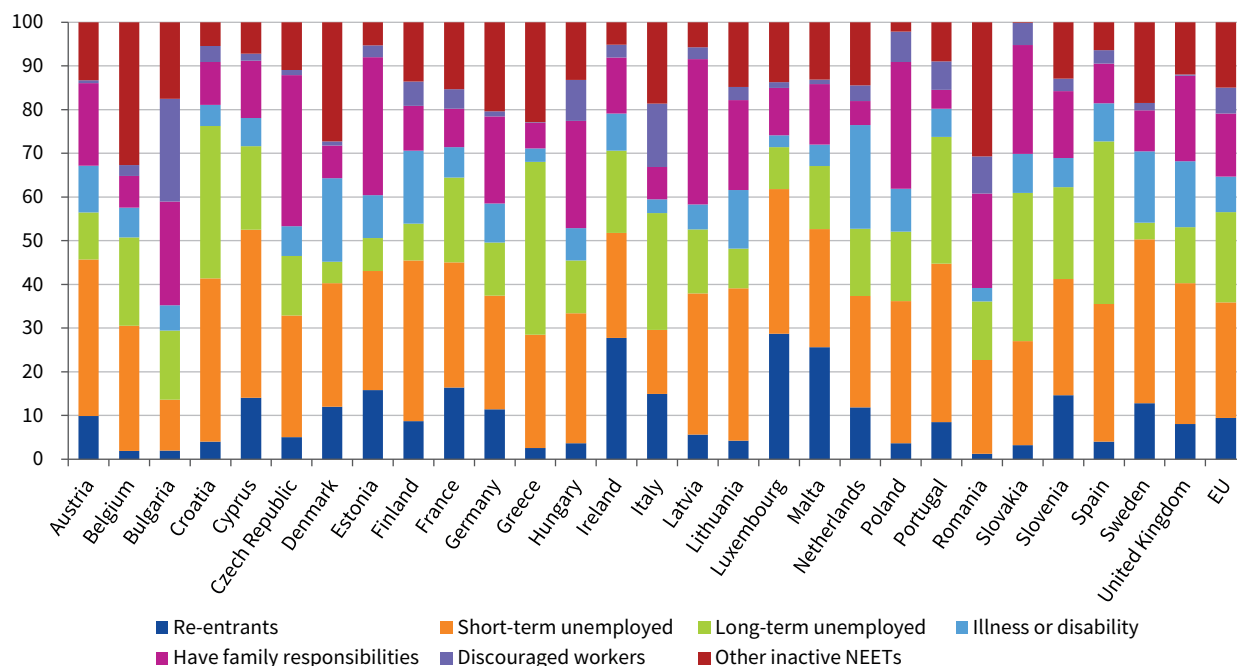
The largest category of NEETs aged 15–24 in 2015 were the short-term unemployed (comprising 26.5% of the NEET population), followed by the long-term unemployed (20.6%), those who were NEET due to family responsibilities (14.4%), re-entrants (9.4%) and those unavailable due illness or disability (8%) (Figure 3). Around 6% of NEETs were discouraged workers, while the remaining 15% were ‘other inactive NEETs’. Considering the combined figure for discouraged workers, the short- and long-term unemployed, the data suggest that on average in the EU, a little more than 50% of NEETs (approximately 3.5 million young people aged 15–24) belong to the NEET group because of labour-market-driven factors. The remaining 45% are NEET for reasons that fall more within the area of social policy, such as family responsibilities, illness or disability.

Figure 3: Composition of the NEET population (%), EU, 2015



Note: 15–24 years age group.
Source: EU-LFS, 2015

Figure 4: Composition of the NEET population (%), by Member State, 2015



Source: EU-LFS, 2015

Breaking down the NEET rate of 12% into these categories shows the size of the various subgroups among the population of young people: 3.1% were short-term unemployed, corresponding to 1.764 million people; 2.5% were long-term unemployed, corresponding to more than 1.375 million people; 1.7%, or 962,000, were NEET due to family responsibilities, while approximately the same share were 'other inactive NEETs'; 1.1% were re-entrants (630,000); and 0.9% were NEET due to illness or disability (540,000).

The composition of the NEET population varies greatly among Member States (Figure 4). In Bulgaria, Croatia, Greece, Italy, Slovakia and Spain, at least 40% of NEETs are long-term unemployed or discouraged workers. Such high rates in these categories mean that a considerable share of the youth population is at risk of long-term disengagement. On the other hand, in countries with well-developed Youth Guarantee schemes, the share of long-term disengagement for labour-market-driven reasons is very low. In Denmark, for example, the share of NEETs who are long-term unemployed or discouraged workers is only 5% of the total population of NEETs, followed by 8% in Finland and 10% in Sweden. Also very low, and below 15%, are the shares recorded in Austria, Germany, Luxembourg and the Netherlands.

The share of young NEETs who are unavailable for work due to illness or disability or due to family responsibilities is particularly high in the Czech Republic, Estonia, Latvia, Lithuania, Poland and the UK. In all of these countries, the share of those young people who are NEET due to illness or disability or

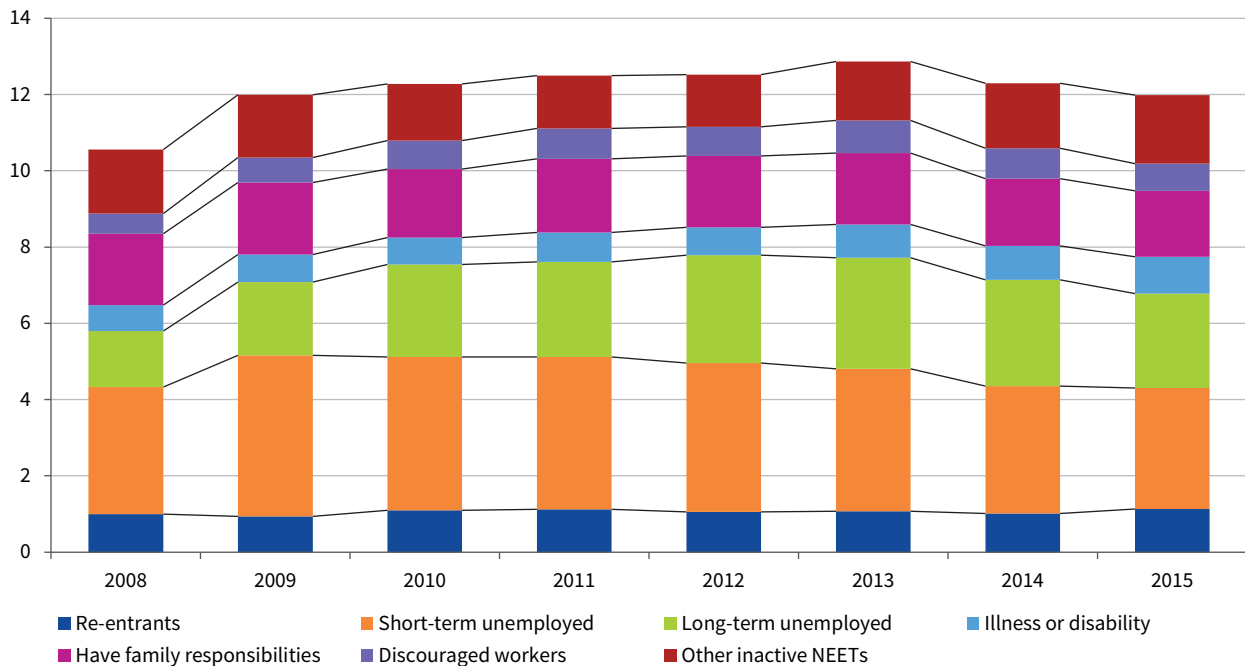
family responsibilities is at least 34% of the total NEET population. In Cyprus, Ireland, Luxembourg, Malta and Sweden, the share of those who are short-term unemployed or re-entrants into the labour market or education – those with a lower level of vulnerability – account for more than 50% of all NEETs.

Composition of the NEET population over time

Analysing the composition of the NEET population over time reveals that the increase in the population was mainly driven by unemployment, which was due to the economic crisis (Figure 5). While, in absolute terms, in 2008, 3.3% of young people were short-term unemployed and 1.5% were long-term unemployed NEETs, these shares increased to 3.9% and 2.9%, respectively, in 2013. In the same period, the share of young people who were discouraged workers rose from 0.5% to 0.9%. Then, in 2014, these shares started to decrease, and by 2015, they had dropped to 3.1%, 2.4% and 0.7%, respectively. Comparing 2015 figures with 2008 data shows that, at European level, the share of short-term unemployed NEETs is lower, while that of long-term unemployed and discouraged-worker NEETs is higher. This indicates that the crisis has had a heavy legacy in terms of youth disengagement.

The analysis also reveals that since 2008, there has been a slow but steady increase in the number of young people with disabilities who are NEET: the size of this population has grown from 0.7% in 2008 to 1.0% in 2015. Conversely, the share of young people who are NEET due to family responsibilities decreased, almost

Figure 5: Composition of the NEET population (as % of the population of young people), EU, 2008–2015



Source: EU-LFS

constantly, throughout the same period, dropping from 1.9% of the overall youth population to 1.7%. The re-entrant category grew slowly, from 1.0% to 1.1%. Finally, there was a U-shaped trend in the category of ‘other inactive NEETs’, which fell from 1.7% of the youth population in 2008 to 1.4% in 2013 before growing again to 1.8% in 2015. This category is the most heterogeneous, and it is difficult to explain this trend.

Focus on youth unemployment

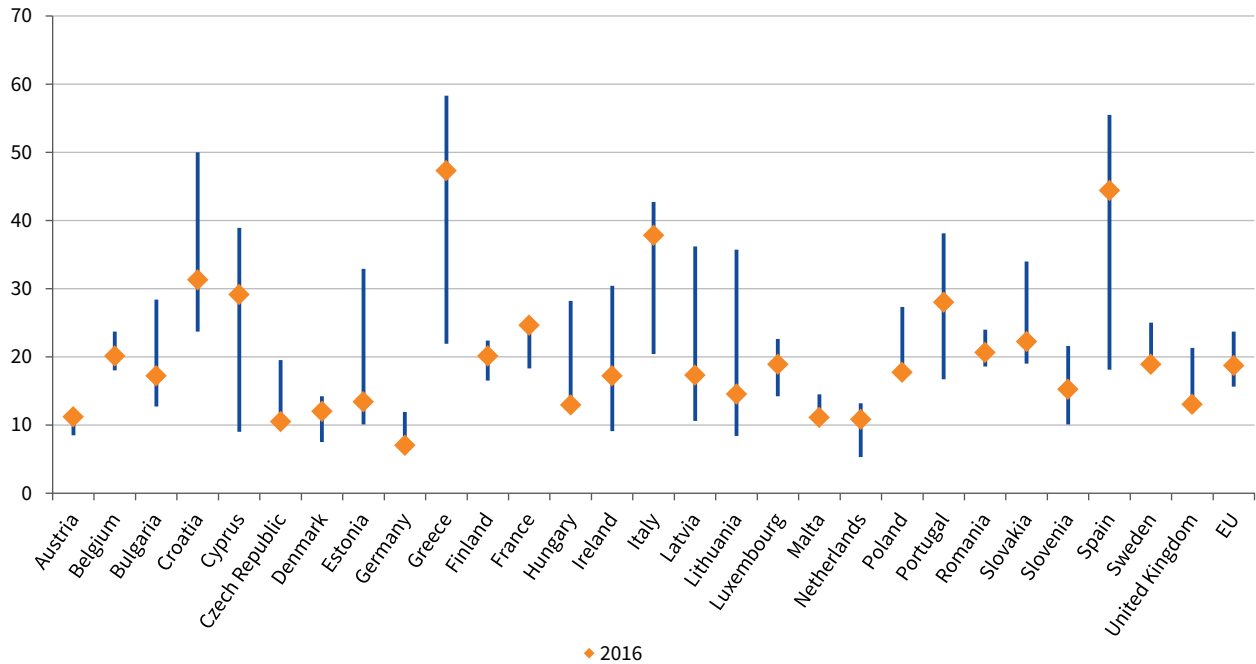
In 2013, reflecting the sense of urgency surrounding the high numbers of young unemployed people and of NEETs, the European Commission and the Council of the European Union launched the Youth Guarantee. This scheme is an EU-wide initiative to ensure that all jobless people under 25 years are offered employment, continued education or training within four months of finishing their education. It is funded primarily on the basis of national schemes, but the EU will top up national spending through the European Social Fund (ESF) and the Youth Employment Initiative. While the Youth Guarantee identifies NEETs as a policy target, during the first three years of implementation, it focused on the reintegration of those who were more ‘job-ready’ and on young unemployed people (Eurofound, 2015; European Court of Auditors, 2017; Hadjivassiliou, 2016).

As discussed previously, youth unemployment in the EU rose steadily from 2008 to 2013. Yet, looking at developments in different countries, it immediately becomes clear that the situation varies greatly across Europe. As shown by Eurofound (2014), while the majority of countries recorded their historically highest youth unemployment rates during this five-year period, others saw only moderate increases in youth unemployment or stable or even favourable developments.

At European level, youth unemployment decreased to 18.7% in 2016. Figure 6 plots the minimum and the maximum levels of youth unemployment recorded in the period 2007–2016. It shows massive increases in the Baltic states, Croatia, Cyprus, Greece, Ireland, Italy and Spain. In particular, the youth unemployment rate soared in Spain, from 18.1% in 2007 to 55.5% in 2013. Similarly, in Greece, it increased from 21.9% in 2008 to 58.3% in 2013, while in Italy and Croatia, it increased from 20.4% and 23.7%, respectively, in 2007 to 42.7% and 50%, respectively, in 2013. In the same period, youth unemployment rates tripled in the Baltic states and in Ireland, going from around or below 10% in 2007 to above 30% in 2013.

Due to a more favourable macroeconomic context and some positive outcomes of the Youth Guarantee (Hadjivassiliou, 2016; European Court of Auditors, 2017), the youth unemployment rate started to decrease in

Figure 6: Range of variation in youth unemployment rates (%), EU Member States, 2007–2016



Source: Authors' calculation based on EU-LFS, 2017

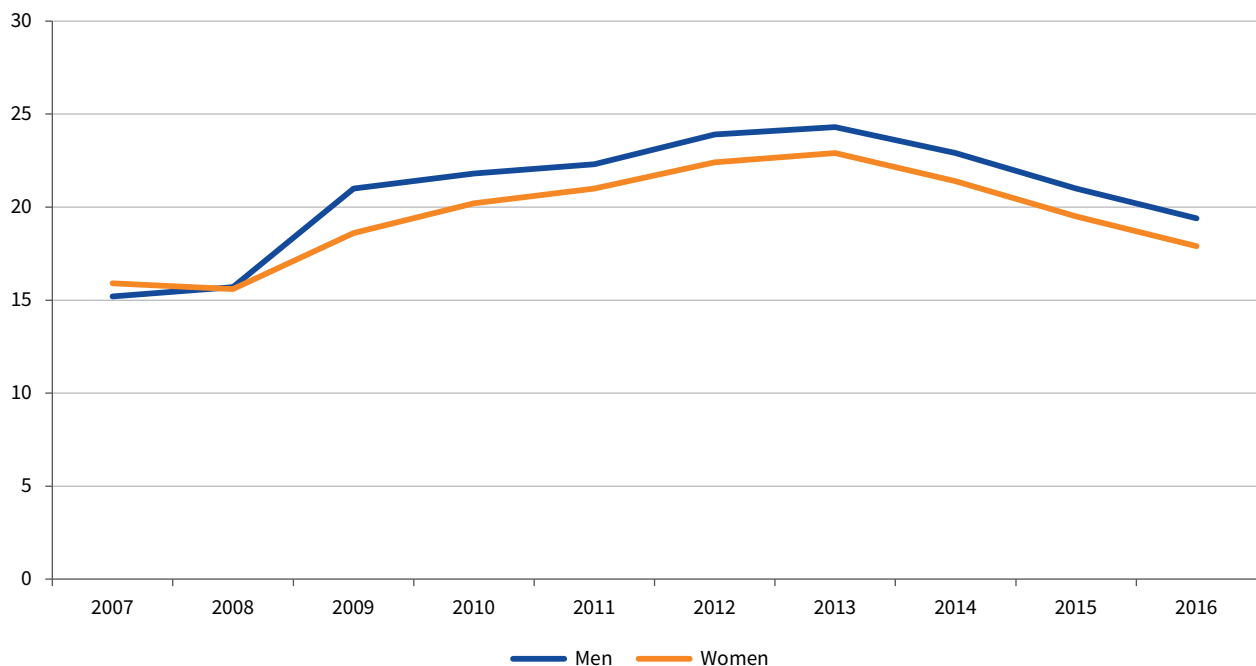
2013 or 2014 in all Member States. It fell below 50% in Greece and Spain, while it decreased slightly to 40% in Croatia and Italy. The decrease was strong and consistent in the Baltic states and Ireland.

The picture from Germany is very different. There, the youth unemployment rate has been steadily decreasing since 2007, falling from 11.9% in that year to 7% in 2016. Similarly, while Malta and the UK recorded initial

increases in youth unemployment during the crisis, the situation quickly reversed in these countries, and their current youth unemployment rates are below the levels recorded before the crisis.

In terms of gender, the unemployment rate of young men has been higher than that of young women since 2008 (Figure 7). As a result of the economic crisis, which hit male-dominated sectors such as manufacturing and

Figure 7: Youth unemployment rates for men and women (%), EU, 2007–2016



Source: Eurostat

construction, the male youth unemployment rate increased from 15.7% in 2008 to 21% in 2009, while the female rate increased from 15.6% in 2008 to 18.6% in 2009. The two rates peaked in 2013, reaching 24.3% for young men and 22.9% for young women. While this gap between young men and women has since reduced, in 2016, the youth unemployment rate of young men, at 19.4%, remained higher than that of young women, at 17.9%.

Measuring and defining long-term unemployment

According to Eurostat, and following International Labour Organization (ILO) guidelines, long-term unemployment refers to the number of people of a certain age who are out of work and have been actively seeking employment for a duration of at least a year. In this regard, an unemployed person is defined as being without work, being currently available for work and being either actively seeking work in the last four weeks or having already found a job to start within the next three months. The unemployment period is defined as the duration of a job search, or as the length of time since the last job was held if shorter than the time spent on a job search (Eurostat, 2015).

The measurement of long-term unemployment can be confusing as it can be computed as a share of total unemployment or as a share of the active population. In this report, long-term unemployment is measured through the following indicators.

Long-term unemployment rate: This shows the proportion of those who are long-term unemployed among all unemployed people (OECD, 2017) and provides important information on the composition of unemployment.

Share of long-term unemployed: This shows the number of people who are long-term unemployed as a percentage of the entire labour force (Eurostat, 2017). It provides a good picture of the overall extent of the phenomenon among the economically active population.

While the two rates measure the same population, they differ in size as their denominator is different. For example, consider long-term unemployment in Italy in 2016 for the age category 15–24 years:

$$\text{Long-term unemployment rate} = \frac{\text{number of LTU}}{\text{total number of unemployed}} = \frac{310.8}{593.3} = 52.4\%$$

$$\text{Share of long-term unemployed} = \frac{\text{number of LTU}}{\text{total active population}} = \frac{310.8}{1570.8} = 19.7\%$$

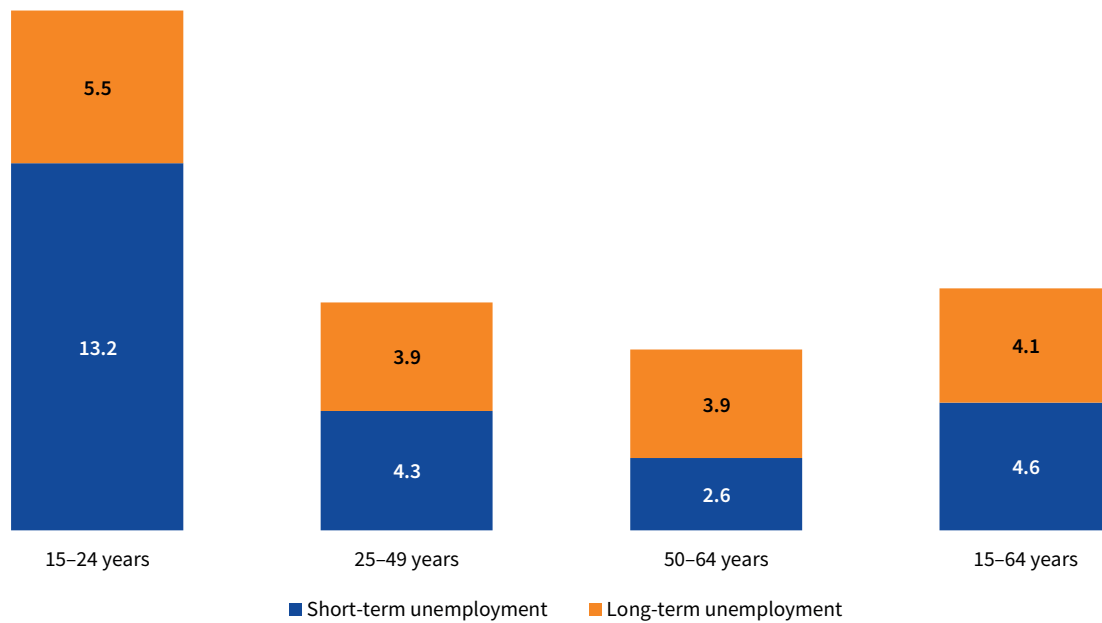
These data indicate that more than half of the unemployed youth population in Italy is long-term unemployed and that one in five economically active young people are in this category.

Trends in long-term youth unemployment

While youth unemployment is higher than the unemployment rates of the other age groups, long-term unemployment rates are lower for young people than for other age groups. For example, while at European level in 2016, the youth unemployment rate was 18.7%, against 8.2% of the prime-age population (25–49 years), the long-term unemployment rate for young people was 29.5% against 47.8% of the prime-age population. This indicates that unemployment among young people is more likely to be of a short-term nature than it is for older age groups. However, long-term unemployment has been more of a problem for young people than the rest of the population if one considers it as a share of the active population. In 2016, 5.5% of economically active young people were long-term unemployed compared to 3.9% of prime-age and older workers (Figure 8). In absolute terms, almost 1.3 million young people were long-term unemployed, against 5.8 million of those aged 25–49 and 2.7 million of those aged 50–64.

The recent crisis has resulted in a significant increase in the proportion of long-term unemployed young people in Europe. In 2008, long-term unemployment as a share of the active population of young people was 3.6%; this reached its highest value in 2013 when it soared to 8%. Similarly, the long-term youth unemployment rate went from 24% in 2008 to 35.6% in 2014. This corresponded to almost a doubling of the population of young people who were long-term unemployed: from around 1 million in 2008 to almost 1.9 million in 2013 (Figure 9). The rate of long-term unemployed people then decreased to 29.5% in 2016, corresponding to 1.25 million young people looking for a job, without finding it, for more than 12 months.

Figure 8: Composition of unemployment by age group, as a share of the active population in each age group (%), EU, 2016

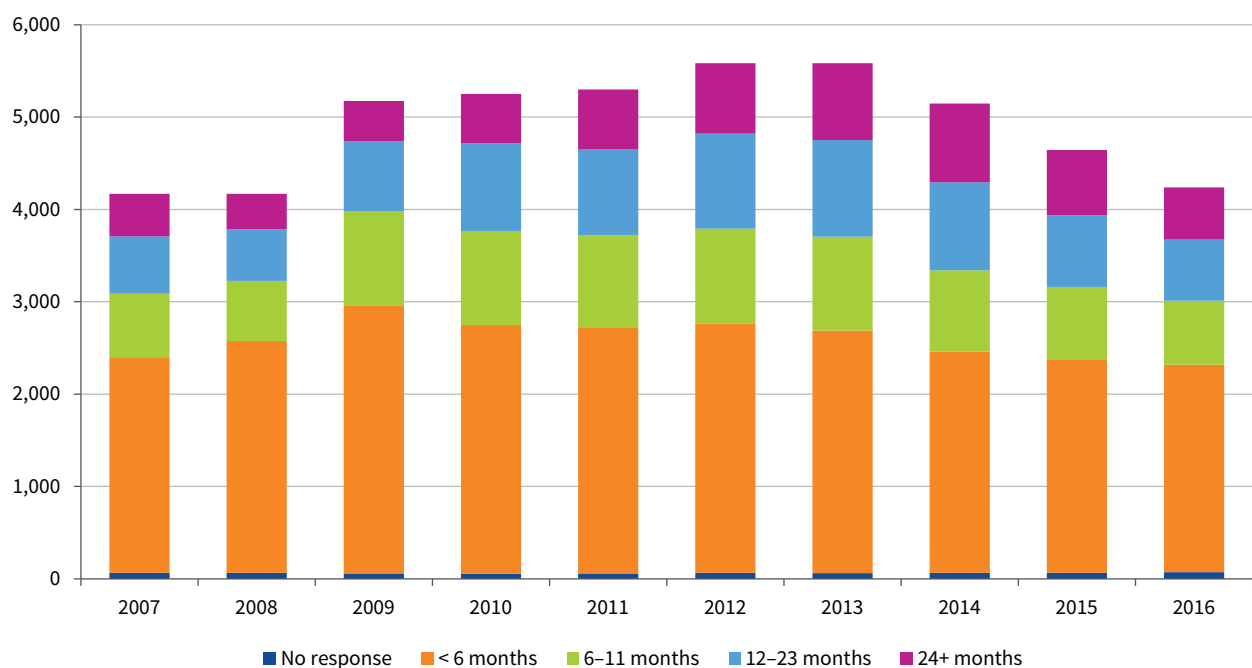


Source: Eurostat

At Member State level, the distribution of long-term unemployment across the active population reveals some interesting characteristics and a huge variability, with a ratio of 1:25 between the minimum and the maximum values (Figure 10). In particular, long-term unemployed young people as a share of the active

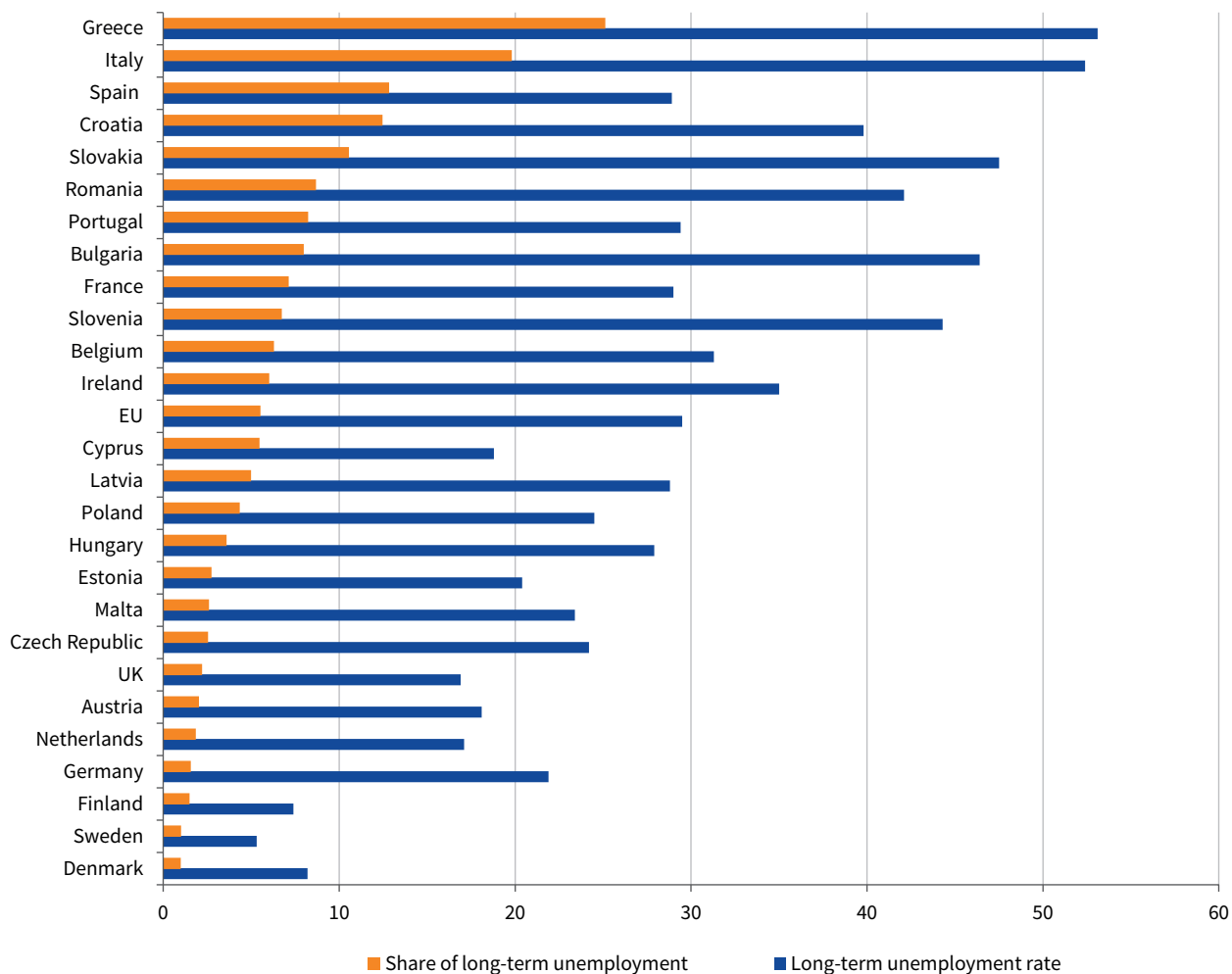
youth population varies from around 1% in Denmark and Sweden to around 20% in Italy and 25% in Greece. These results also confirm that, thanks to a well-implemented and well-functioning Youth Guarantee, long-term youth unemployment is practically non-existent in Scandinavian countries.

Figure 9: Trends in composition of youth unemployment (in thousands), EU, 2007-2016



Source: Authors' calculations based on Eurostat data

Figure 10: Long-term youth unemployment shares and rates (%), by Member State, 2016



Source: Eurostat

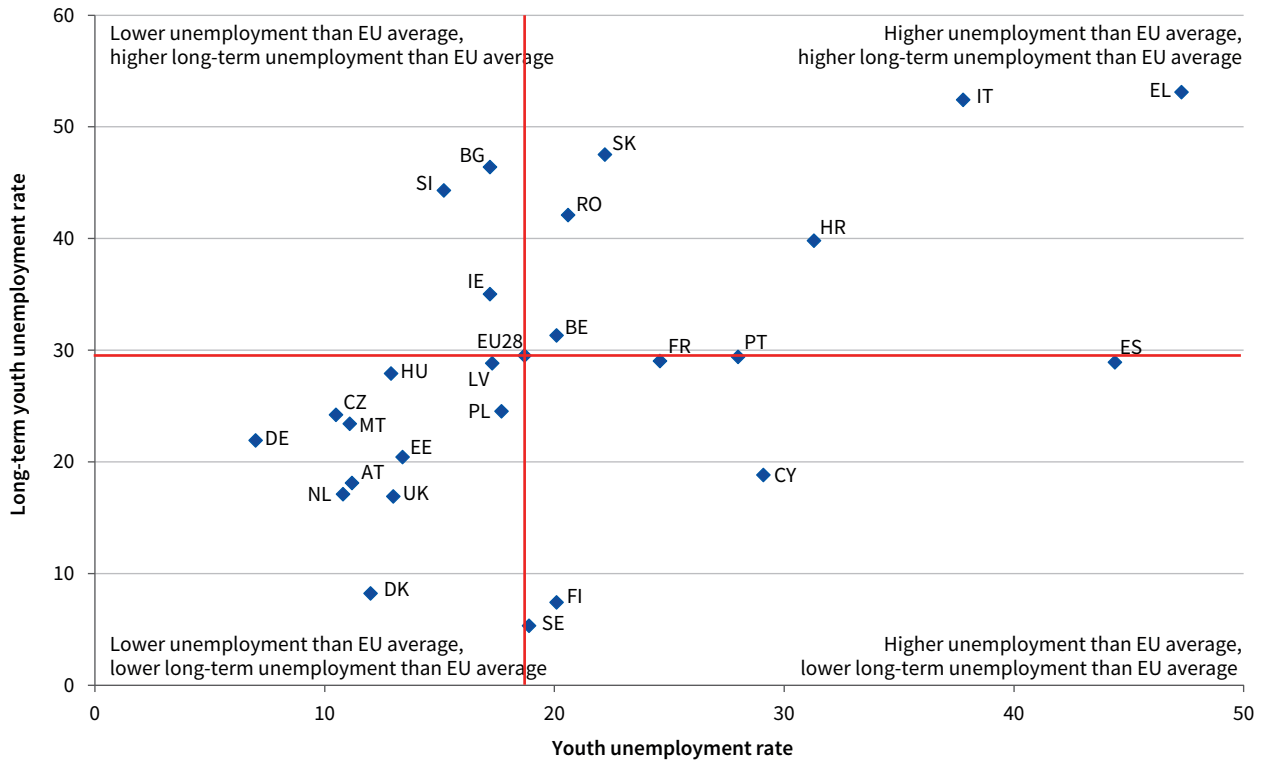
In fact, while these countries do not have the lowest levels of youth unemployment in Europe, they do have the lowest levels of long-term unemployment.

These findings are also confirmed by the long-term unemployment rates, which give an interesting picture of the composition of unemployment. In this regard, Denmark, Finland and Sweden all recorded long-term unemployment rates below 10% while, at the other end of the spectrum, Greece and Italy recorded rates above 50%. The case of Cyprus is interesting; there, the unemployment rate is similar to that of Croatia, but it has half of Croatia’s long-term unemployment rate (39% and 19%, respectively). Moreover, the long-term unemployment rate in Cyprus is lower than that of Germany, whose overall unemployment rate is six times lower than that of Cyprus, revealing that unemployment in Cyprus is of a more short-term nature than it is in Germany. Conversely, Ireland as well as eastern European countries such as Bulgaria, Romania, Slovakia

and Slovenia recorded much higher long-term youth unemployment rates than would be expected given their levels of youth unemployment. The relationship between youth unemployment and long-term unemployment is presented in Figure 11, where Member States are plotted in four main quadrants in comparison to the EU average:

- lower youth unemployment rate than EU average but higher long-term unemployment rate than EU average;
- higher youth unemployment rate than EU average and higher long-term unemployment rate than EU average;
- higher youth unemployment rate than EU average but lower long-term unemployment rate than EU average;
- lower youth unemployment rate than EU average and lower long-term unemployment rate than EU average.

Figure 11: Long-term youth unemployment rates versus youth unemployment rates (%), EU Member States, 2016



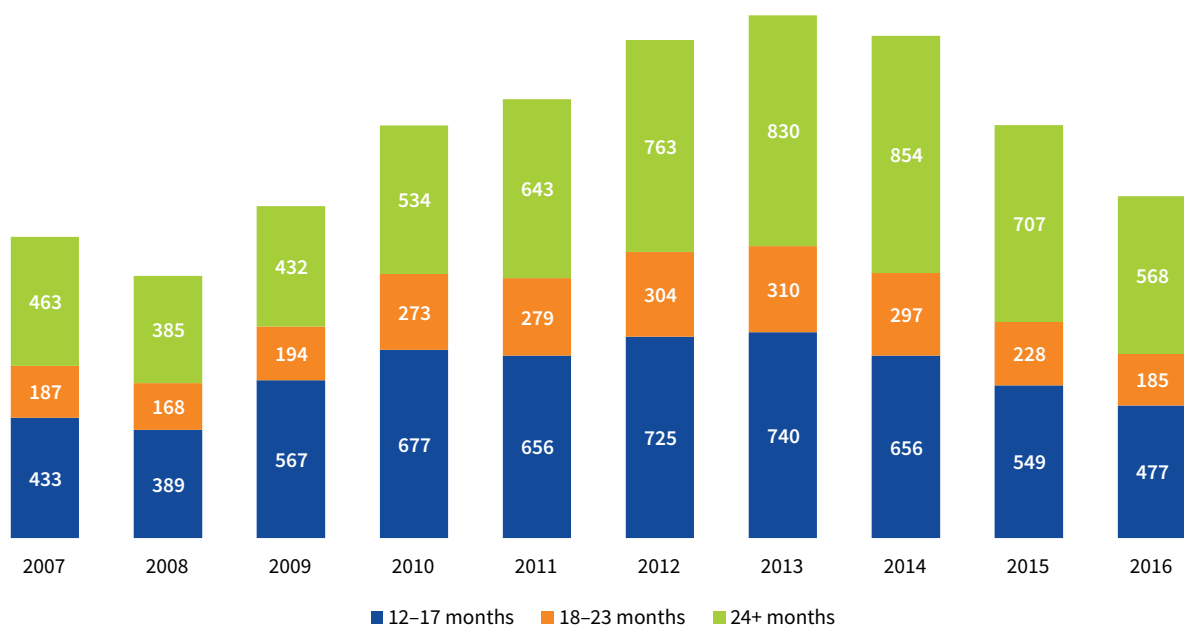
Note: Data unavailable for Lithuania and Luxembourg.
 Source: Authors' calculations based on Eurostat data

Characteristics of long-term youth unemployment

The duration of unemployment may seriously affect the future labour market participation of young people in terms of economic outcomes and earnings prospects.

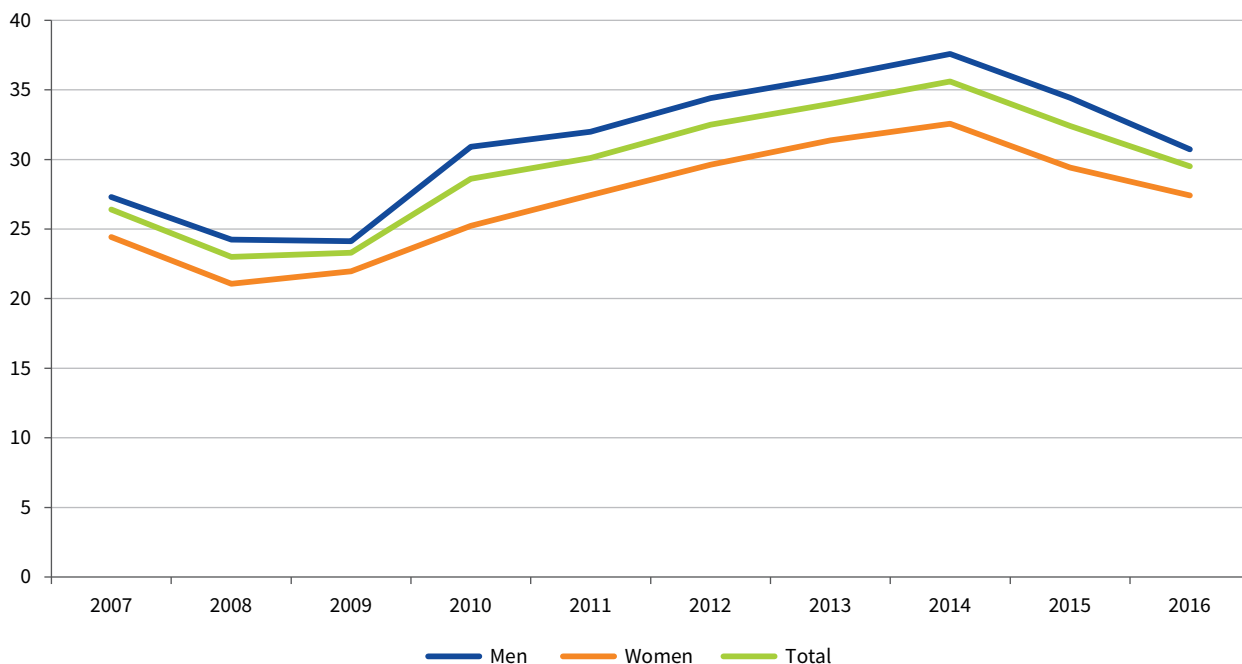
Focusing on the population of long-term unemployed young people, the data show that almost half of them are already unemployed for more than 24 months (Figure 12).

Figure 12: Composition of long-term unemployment (in thousands), by duration, EU, 2007-2016



Source: Authors' calculations based on Eurostat data

Figure 13: Trend in long-term youth unemployment (%), by gender, EU, 2007–2016

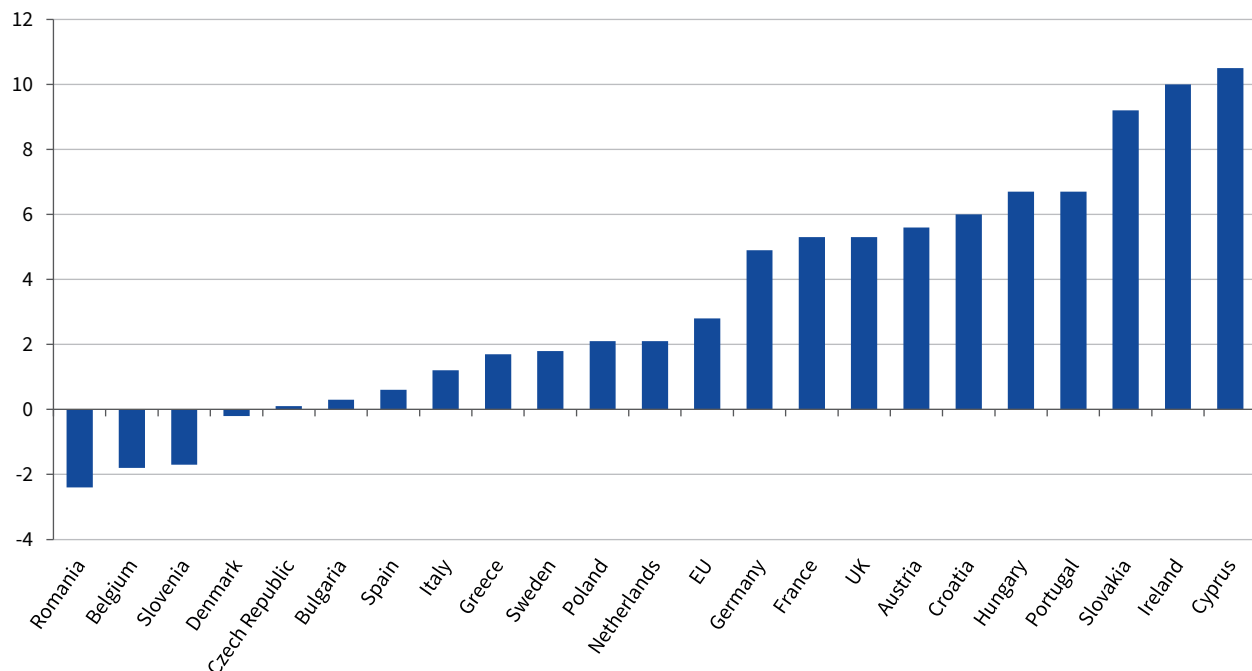


Source: Authors' calculations based on Eurostat data

The share of long-term unemployed people who are unemployed for more than 24 months – those who have been detached from the labour market for a very long time – grew from around 36% in 2009 to 46% in 2016; it peaked in 2014, when 854,000 young people were unemployed for more than two years, corresponding to more than 47% of the long-term unemployed. The size of this subgroup has since fallen to 568,000.

In terms of gender distribution, the share of long-term youth unemployment is higher for men than for women. While both trends increased during the crisis, this relationship has been constant over the last decade (Figure 13). While the gender gap was shrinking before the crisis, the global recession led to a substantial increase in the difference between the two rates. Then, as soon as recovery began and the situation started to

Figure 14: Gender gap in long-term unemployment rates, in percentage points, EU Member States, 2016



Note: A positive sign indicates that the male rate is higher than the female rate. Data unavailable for Estonia, Finland, Latvia, Lithuania, Luxembourg and Malta.

Source: Authors' calculations based on Eurostat data

improve, the gap between men and women started to reduce again.

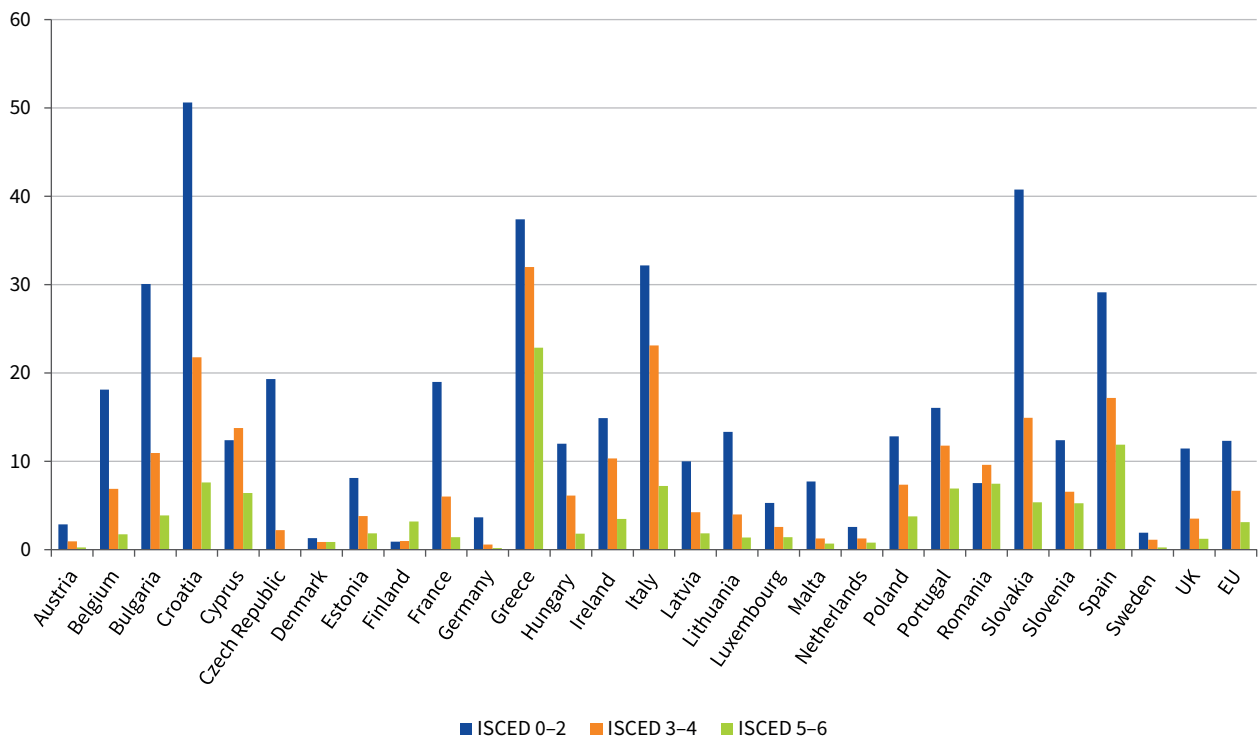
In 2016, the long-term youth unemployment rate of men in Europe was 30.7%, against 27.9% for women, with a gap of 2.8 percentage points. At Member State level, this gap increases to 10 percentage points in Ireland (39% for men and 29% for women) and higher again in Cyprus to 11 percentage points (25% for men and 14% for women). In the majority of the Member States, the long-term unemployment rate of men is higher than that of women (Figure 14). The exceptions are Belgium, Denmark, Romania and Slovenia.

A key feature of long-term unemployment is its relationship with lower levels of education and skills. One European Commission report showed that despite crisis-related increases in long-term unemployment in all educational groups, those with lower educational levels still face the highest risk of long-term unemployment (European Commission, 2012, p. 12).

The relevance of educational attainment to an understanding of long-term unemployment is clearly reflected in Figure 15, which depicts the incidence of long-term unemployment by educational level among the active population, using 2014 EU-LFS microdata.

For the EU as a whole, having lower educational attainment is associated with a higher incidence of long-term unemployment, and the gap between higher and medium–lower educational levels is highly significant. While 12% of economically active people with a lower educational level are long-term unemployed, this is the case for only 3% of those with a tertiary education. At Member State level, low educational level appears to be a major risk factor for long-term unemployment in Bulgaria, Croatia, Greece, Italy, Slovakia and Spain. However, in Croatia, Cyprus, Greece, Italy, Portugal, Romania and Spain, the incidence of long-term unemployment among those with higher educational attainment is considerable.

Figure 15: Long-term unemployment rates by level of education (%), EU Member States, 2015



Source: EU-LFS, 2015

Spotlight on 25–29-year-olds

While the main focus of youth policies is on young people aged 15–24, the conceptualisation of youth as a specific age group varies substantially across Member States (Wallace and Bendit, 2009). In this regard, Eurofound (2014) identified different patterns of youth transition to adulthood in Europe, as data revealed that the age at which 50% of young people leave the parental home varies from 19.6 years for young women in Denmark to 34.5 years for young men in Bulgaria. This country-level diversity is also the reason why some Member States raised the age limit for participation in the Youth Guarantee from 24 to 29 years. For this reason, it is worth depicting developments in labour market attachment of young people aged 25–29 years.

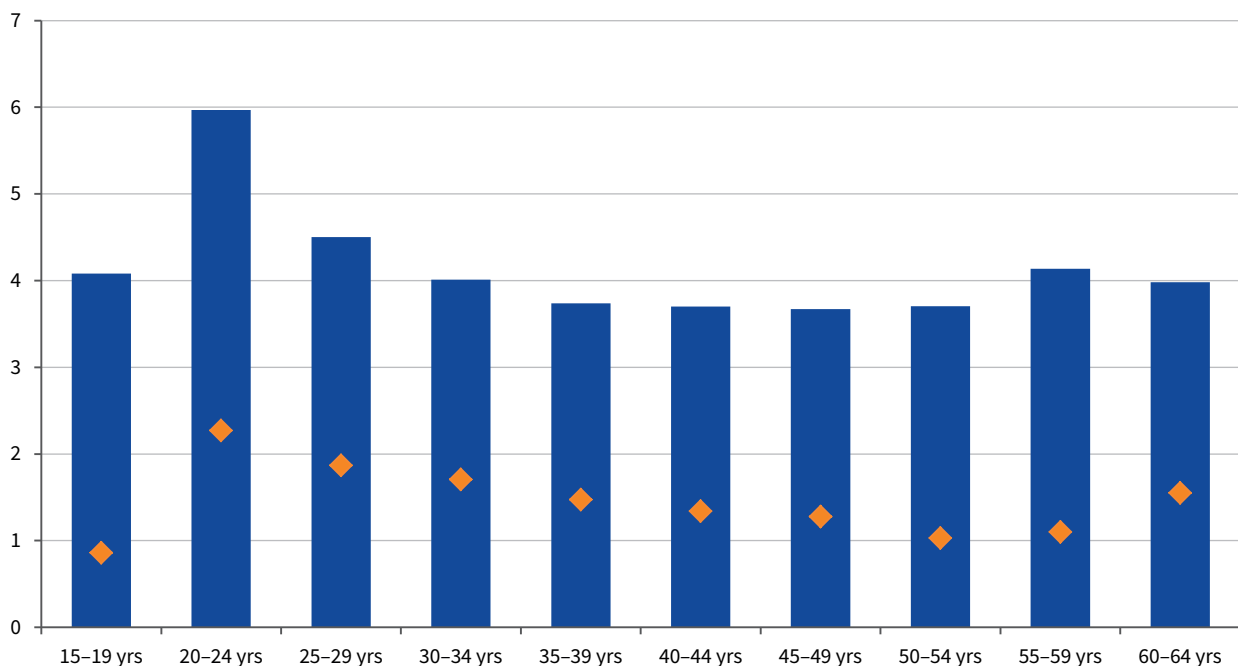
The employment participation of those aged 25–29 years saw similar trends across the main three periods (pre-crisis, crisis and recovery) highlighted above. At European level, the employment rate of this age group went from 73.1% in 2005 to 75.6% in 2008. Then, as a result of the economic crisis, it fell to 70.5% in 2013. This drop was mainly felt by young men, whose employment rate decreased from 81.7% in 2008 to 75.2% in 2013, while the decrease for young women was more limited, with employment falling from 69.4% to 66.1% across the same time period. As soon as the recovery picked up, the employment rate for those aged 25–29 years increased again, reaching 73.2% in 2016, slightly higher than the level recorded in 2005. In 2016, at Member

State level, the employment rate for this age category ranged from lows of 53.7% in Italy and 56.1% in Greece, to highs of 87.3% in Malta and 83.3% in Lithuania.

Similarly, the EU unemployment rate for this age category went from 11% in 2005 to 8.5% in 2008 to 14.6% in 2013. By 2016, it was at 11.2%. At Member State level, the lowest unemployment rates for this age category were recorded in Malta, the UK, Germany and the Netherlands, at 3.8%, 5.1%, 5.3% and 5.3%, respectively. The highest levels were recorded in Italy, Spain and Greece, at 21.9%, 25.6% and 33.8%, respectively. In terms of gender, at European level, young women have a higher unemployment rate than men: 11.6% against 10.9%. This is the case in 18 countries, while in the remaining 10, unemployment rates are higher among men. The widest gender gap is recorded in Greece, where women have an unemployment rate that is 11.5 percentage points higher than that of men (40.2% and 28.7%, respectively). Among countries where more men are unemployed than women, the widest gender gap is in Ireland, where their unemployment rate, at 12.8%, is 4.7 percentage points higher than that of women, at 8.1%.

Looking at the share of long-term unemployed people as part of the economically active population shows that 4.5% of young people aged 25–29 years are long-term unemployed (Figure 16), which is lower than the 5.5% recorded among those aged 15–24 years.

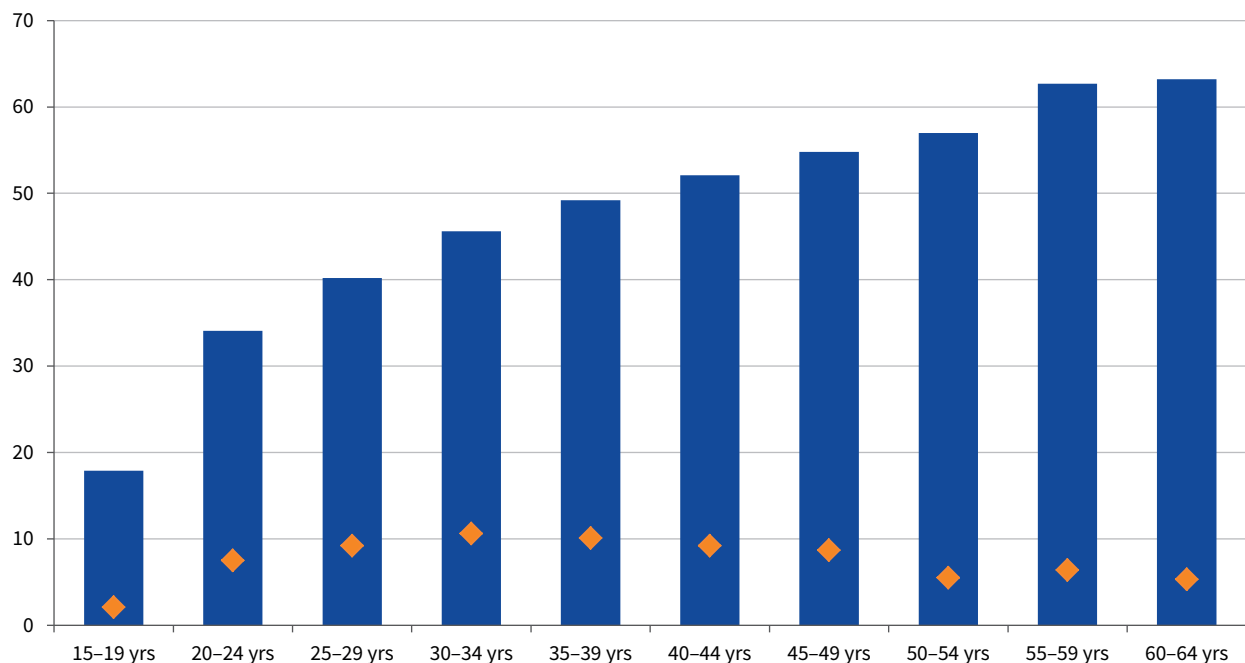
Figure 16: Shares of long-term unemployment among active population in 2016 and increases 2008–2016 (%), all age categories, EU



Note: Shares indicated by blue bars and increases indicated by orange diamonds.

Source: Authors' calculations based on Eurostat data

Figure 17: Long-term unemployment rates in 2016 and increases in 2008–2016 (%), all age categories, EU



Note: Rates indicated by blue bars and increases indicated by orange diamonds.

Source: Authors' calculations based on Eurostat data

However, for those aged 25–29, the long-term unemployment rate is considerably higher; in 2016, it was 40.1% (Figure 17) compared to 29.5% among 15–24-year-olds. In this regard, the long-term unemployment rate fell dramatically in the period before the crisis, from 41% in 2005 to 28.4% in 2009, before increasing substantially again, to reach 44.2% in 2014. As before, young men were most affected; their unemployment rates increased more consistently than did that of young women. However, while in the pre-crisis scenario, women's long-term unemployment rates were higher than those of men, now the opposite holds: the long-term unemployment rate of men is higher than that of women, at 41.7% and 38.5%, respectively. At Member State level, in 2016, the highest long-term unemployment rates were recorded in Greece, Bulgaria and Italy, at 66.8%, 54.6% and 54.3%,

respectively. By contrast, the lowest long-term unemployment rates for this age category were recorded in Sweden, Denmark and Finland, at 15.2%, 17.7% and 19%, respectively.

Finally, the NEET indicator for those aged 25–29 years is considerably higher than it is for those aged 15–24: 18.8% against 11.5% in 2016. Due to motherhood, the rate is much higher for young women aged 25–29 than for young men of the same age: 16.5% against 14%, respectively. At Member State level, the highest NEET rates are recorded in Greece and Italy, where around one-third of young people (33.5% and 32.4%, respectively) of this age category are not in employment, education or training. Conversely, in Luxembourg, Malta, the Netherlands and Sweden, the NEET rate for this age category is below 10%.

Summary

- From 2008 to 2013, youth employment rates at EU level fell, while youth unemployment, including long-term youth unemployment, soared in the majority of Member States. This decreasing trend in the employment participation of young people reversed in 2014 when a small increase was recorded, for both men and women.
- The percentage of young people aged 15–24 years in Europe classified as NEET decreased to 11.5% in 2016, although rates vary greatly across Member States. The largest category of NEETs is the short-term unemployed (26.5%). This is followed by the long-term unemployed (20%), those who are NEET due to family responsibilities (14.4%), those who are soon to re-enter work or education (9.4%), and those unavailable due to illness or disability (8%). Around 6% of NEETs are discouraged workers, while the remaining 15% are 'other inactive NEETs'.

- While youth unemployment increased from around 15% in 2008 to just below 24% by the end of 2013, some countries had much higher increases. The countries worst hit were Greece, Spain, Croatia, Italy and Cyprus, followed by Portugal and Slovakia. However, in 2014, youth unemployment started to decrease in all Member States; by 2016, it had fallen to 18.7% at European level.
- Long-term unemployment affects young people more than the rest of the population. In 2016, the share of long-term unemployed as a proportion of the active population reached 5.5% among young people, compared to 3.9% of prime-age (25–49 years) and older workers (50–64 years).
- Analysis of the composition of unemployment shows, however, that unemployment tends to be of a more short-term nature for young people than the rest of the population. In fact, the long-term unemployment rate – the proportion of unemployed who have been out of work for more than 12 months – is lower for young people, at 29.5%, than it is for prime-age (46%) and older workers (60.3%).
- Long-term youth unemployment is higher among men (30.7%) than among women (27.9%) at European level. While this is also the case in the majority of Member States, in Belgium, Denmark, Romania and Slovenia, the opposite holds.
- Lower educational attainment is a significant risk factor for disengagement from the labour market. The incidence of long-term unemployment among those with a lower educational level is considerably higher than it is for those with a medium or higher level of education. However, in some countries, such as Bulgaria, Cyprus, Ireland and Italy, the incidence of long-term unemployment among those with a higher educational level is considerable.

2 Determinants of long-term youth unemployment

The previous chapter used descriptive statistics to investigate the latest trends in youth labour market participation and long-term youth unemployment. This chapter aims to identify the main determinants of long-term youth unemployment: those factors that explain why some individuals experience it (micro-determinants) and why prevalence across countries varies (macro-determinants). The micro-level analysis is performed at the individual level and identifies socioeconomic and work-related factors that are more commonly associated with a higher likelihood of a young person being unemployed for a long time. The macro-level analysis explores the reasons behind diverging long-term youth unemployment shares across countries by looking at a mix of institutional, macroeconomic and demographic variables at country level.

The findings of these two strands of the analysis are presented separately. Due to data and sample size limitations, as well as differences in the conceptualisation of young people in Europe, the analysis is based on a definition of young people as individuals aged 15–29 years. The long-term unemployment threshold used is at least 12 months of unemployment.

Micro-determinants

Certain demographic groups are more likely to experience unemployment and to do so for an extended period of time. The literature suggests that there are two principal risk factors for long-term disengagement from the labour market at a young age: disadvantage and disaffection. While educational disadvantage is often associated with social factors such as the family, school and personal characteristics, disaffection concerns the attitudes young people have towards education or the labour market that can lead them towards further exclusion (SEU, 1999). Both educational disadvantage and disaffection are linked to a number of background factors such as family disadvantage and poverty, having unemployed parents, living in an area with high unemployment, membership of an ethnic minority group, and having a chronic illness, disability and/or special education needs (Coles et al, 2002; Eurofound, 2012b).

Moreover, at a theoretical level, a rationale for the uneven distribution of long-term unemployment across the workforce may be provided by the literature on the insider–outsider split and labour market segmentation. Different interrelated dimensions of labour market

segmentation may be distinguished (Heidenreich, 2016): the dualisation resulting from organisational and occupational differences between more and less qualified employees and occupations and between temporary and permanent contracts; the marginalisation caused by individuals being pushed to the margins of society or disadvantaged groups being excluded from labour markets for a protracted period of time (Emmenegger et al, 2012); and the polarisation between good and bad jobs (Saint-Paul, 1996), with individuals having certain characteristics being more likely to hold the latter.

Women, younger people and foreign nationals are groups typically considered as having fewer opportunities by early studies of segmentation resulting from the insider–outsider debate (Doeringer and Piore, 1971). Nevertheless, educational level emerges as the most prevalent factor in labour market and occupational success in the specialised literature on younger individuals, which explains why many young people study for many years in order to avoid future unemployment (Shavit and Müller, 1998). Other risk factors often mentioned in the literature include disabilities, little work experience, previous spells of unemployment and the social support being received (European Commission, 2012). Persistence in unemployment could be due to skill loss among individuals who have been unemployed for a long time or endogenous changes in preferences towards leisure and household work, but certainly being long-term unemployed may be regarded by future employers as a negative reflection of the quality of the worker, reinforcing the long-term duration of the unemployment status (Lindbeck and Snower, 1988).

Empirical studies focusing on the association between these factors and the likelihood of being unemployed are common, but they do not always distinguish between short- and long-term unemployment or between younger and older people. Nevertheless, the most significant demographic characteristics identified are largely the same across all these studies. Descriptive studies show that long-term unemployment in Europe tends to be higher among lower-educated individuals, immigrants and/or members of ethnic minorities; it is also slightly higher among women. Place of residence has been identified as another important factor in determining the likelihood of being unemployed, due to economic growth, economic structure and skill composition differentials between European regions, reflecting north–south, urban–rural and other divides within countries (European Commission, 2012).

Background to the analysis

Chapter 1 provided an introduction to some of the factors behind long-term unemployment. In this chapter, multivariate regression provides a more sophisticated analysis. The main advantage of this approach is that it measures the individual impact of each of the determinants of long-term unemployment while controlling for other factors.

In this section, a logistic regression analysis is applied to investigate the relationship between different sociodemographic and work-related factors and the probability of a young individual being in a certain labour market status. In order to capture how specific factors affect an individual's likelihood of being unemployed, as well as their likelihood of being so for an extended period of time, two different logistic regressions are conducted: the first is on the likelihood of an individual being unemployed compared to being employed, and the second is on the likelihood of being long-term unemployed compared to being short-term unemployed.¹

The empirical analysis takes into account changes over time and across European regions. Regressions are conducted for several years (2008, 2011 and 2014), both before and after the financial crisis of 2008, in order to capture the extent to which the determinants of unemployment and long-term unemployment have evolved as a result of the Great Recession.² In addition to this, regressions for the EU aggregate are complemented by regressions across European regions (which are not feasible at the country level due to small sample sizes), which may reveal interesting regional differences within Europe in the determinants of unemployment and long-term unemployment. Previous work by Eurofound has identified three European country clusters that represent different examples of the labour market performance of young people, especially NEETs (Eurofound, 2016). These are:

- Nordic, western and continental countries plus the UK (Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, Malta, the Netherlands, Slovenia, Sweden and the UK);
- Mediterranean countries plus Ireland (Croatia, Cyprus, Greece, Italy, Ireland, Portugal and Spain);
- eastern European countries (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia).

The sample includes young individuals aged 15–29 years across all EU28 countries except Malta, based on EU-LFS data. These data present limitations in terms of the characteristics of individuals that may be captured; for instance, no information on disabilities or health is provided. This is further aggravated by the fact that job- and employment-related variables cannot be used generally since the sample includes unemployed people together with employed people in the first logistic regression; the second sample is exclusively unemployed people. Therefore, all independent variables included refer to sociodemographic characteristics (age, educational attainment, gender, marital status and years of residence), except the economic activity (referring to the economic sector of employment among those working and the sector where the last job took place among those unemployed) and the existence of previous work experience (only used in the second logistic regression since it covers unemployed people only).

Results of the analysis

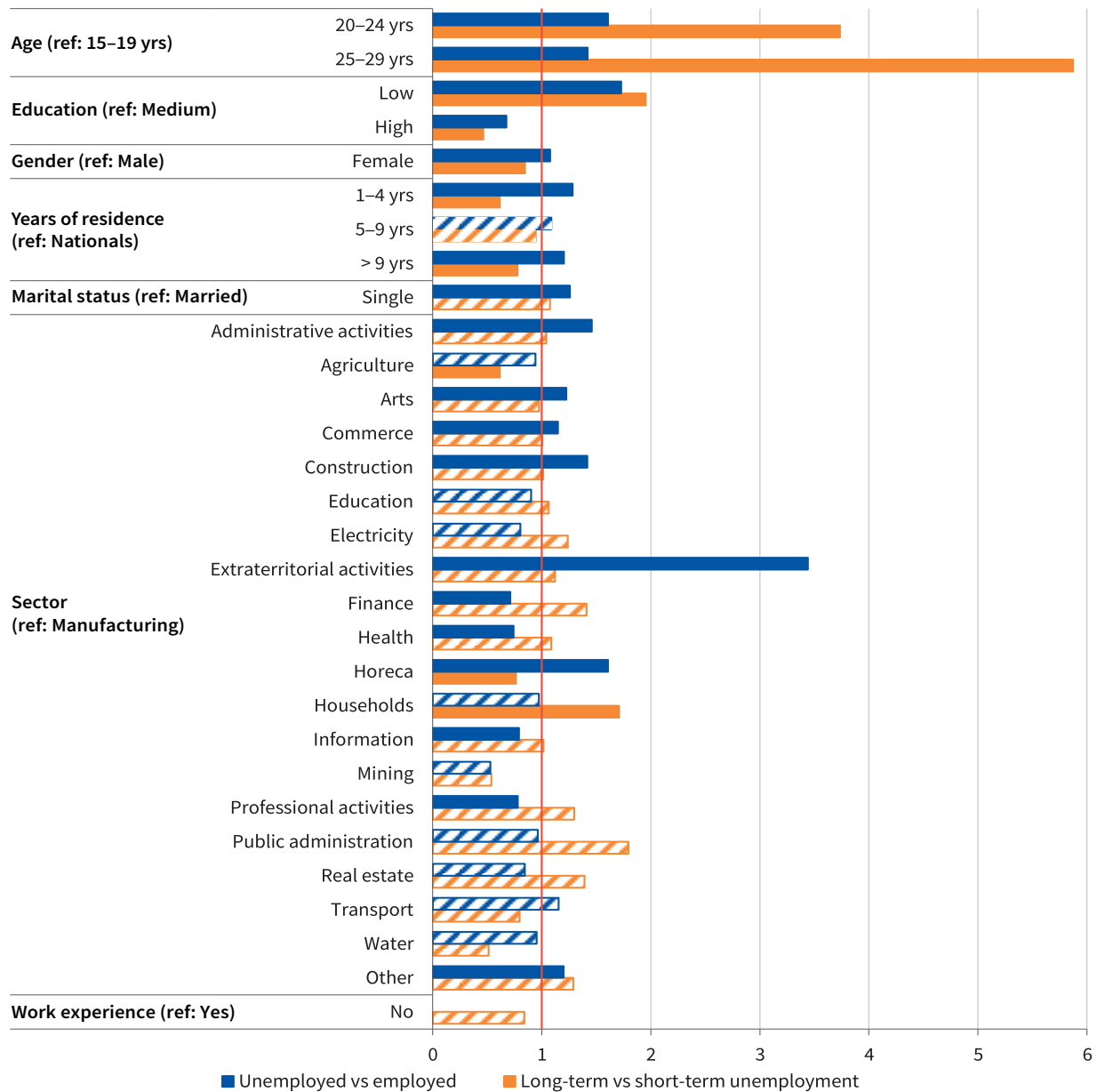
The summarised results of the two logistic regressions are presented in Figure 18, which shows the individual effect of different characteristics on the probability of being unemployed and long-term unemployed while controlling for the other factors. The odds ratio represents the factor change in the odds of being unemployed and long-term unemployed associated with each category compared with the reference category, holding the other explanatory variables fixed. For instance, in terms of gender, controlling for the other socioeconomic variables, the odds of being unemployed in 2014 are 8% higher (1.08 times) for women than for men, while the odds of being long-term unemployed are 15% lower for women than men (since ratios below one, 0.85 in this case, indicate a lower likelihood). The odds ratio provides information on the higher likelihood that individuals with certain characteristics have of being unemployed and long-term unemployed, but they reflect a static association that cannot be interpreted as a relationship of causality, as would be the case when using time-variant techniques.

Importantly, Figure 18 presents only the results of the logistic regressions for the year 2014 and for the EU as a whole, while detailed results over time (for 2008, 2011 and 2014) and across all different European country clusters are presented in the Annex (Tables A1–A4).

1 In a logistic regression, the dependent variable is categorical, binary in this case, taking values of 1 and 0. In the first logistic regression, the sample includes individuals who are economically active, and the dependent variable takes the value of 1 if the individual is unemployed and 0 if employed. In the second logistic regression, the sample includes unemployed individuals, and the dependent variable takes the value of 1 if the individual is long-term unemployed and 0 if short-term unemployed.

2 The year 2008 has been chosen as the initial year instead of 2007 due to the change in the economic activity classification that occurred in 2008.

Figure 18: Odds ratios of effects of micro-determinants on unemployment and long-term unemployment



Note: Malta excluded from the analysis. Variables significant at the 10% level are represented by fully coloured bars; those not significant at the 10% level are represented by hatched bars.

Source: Authors’ analysis based on EU-LFS data

Nevertheless, the results over time and across different European regions do not generally depart significantly from those presented here. Additional explanations are included whenever necessary if results change over time or across regions in a relevant way.

These are the main findings regarding the effect of different micro-determinants on the likelihood of individuals being unemployed or long-term unemployed.

Age

As compared to people aged 15–19 years, those aged 20–24 and 25–29 are more likely to be unemployed and much more likely to be so for more than a year, especially those aged 25–29. This may be partly due to younger individuals having more chances to extend their studies in education or training in case of limited employment prospects. Results in the Annex show that this trend intensified somewhat as the period progressed. Nevertheless, age seems less relevant in terms of influencing the likelihood of being unemployed in the Mediterranean countries, since results are not always statistically significant. This may reflect the

extensive use of temporary contracts in Mediterranean countries, which could result in bumpier career paths for a longer duration, due to the combination of temporary contracts with spells of unemployment in between.

Education

Compared to people with medium levels of education, those with low levels of education are more likely to be unemployed and to be so long-term, while those with high educational levels are less likely to be unemployed. Detailed results in the Annex show that having a lower educational level had a greater impact on the likelihood of becoming long-term unemployed in 2014, reflecting the bigger impact of the crisis among lower-skilled workers. Although individuals with higher attainment are less likely to be unemployed across all European regions, the effect is weaker in Mediterranean countries, which may again reflect the extensive use of temporary contracts (sometimes followed by unemployment spells) in these countries.

Gender

Controlling for sociodemographic characteristics, women, when compared to men, are slightly more likely to be unemployed but slightly less likely to be long-term unemployed, which may be explained by women moving more frequently from unemployment into inactivity. Detailed results show that a woman's higher likelihood of being unemployed weakened over the period 2008–2014, reflecting the larger impact of the crisis on men's employment levels. Moreover, results diverge for central European and Nordic countries, where women are not more likely to be unemployed and are less likely to be long-term unemployed, reflecting a stronger female labour market performance in these countries generally (see the Annex).

Years of residence

Compared to nationals, people with a foreign background are more likely to be unemployed but less likely to be long-term unemployed. This is especially significant for long-term unemployment among those with fewer years of residence in the country. The lower likelihood of long-term unemployment among people with a foreign background reduces over time, growing generally closer to rates of nationals, suggesting a

higher impact of the crisis among foreign nationals, although results are not always statistically significant (see Table A1 in the Annex).

Economic sector

Compared to those working or having worked in the manufacturing sector, those whose last job was in the construction or in several service sectors (commerce, hotels and restaurants, administrative activities or arts) are more likely to be unemployed, while the opposite is the case for those working in finance or in sectors with a public sector presence (health, education and public administration). Results are generally non-significant statistically when considering duration of unemployment.³ However, in sectors such as agriculture and the food service industry (Horeca), short-term unemployment seems more prevalent than in the other sectors.

Detailed results in the Annex reflect some of the peculiarities of the effect of the crisis over time and across European regions in the different economic sectors. They show that young people with a record of past employment in the construction or hotels and restaurants sectors are more likely to be unemployed as the period progresses, while those who have worked in the health or education sectors become slightly less likely to end up unemployed. This reflects the stronger impact of the crisis on some of the sectors most responsive to the economy (such as the construction and hotels and restaurants sectors), as well as the role played by sectors with a public sector presence as a buffer to the crisis. Nevertheless, those working in public administration became almost as vulnerable to unemployment by the end of the period, probably reflecting the restructuring processes in central public administrations across European countries (Eurofound, 2014). The association between working in sectors with a public sector presence and lower risks of unemployment is largely due to central and Nordic countries.

Previous work experience

As compared with unemployed people with work experience, those without a previous employment record are more likely to be unemployed for a longer period of time.⁴

3 The economic sector variable has been constructed by combining information on economic activity among employed people and information on the last job among unemployed people. Therefore, this variable can be used in the first logistic regression, including employed and unemployed people, and refers only to unemployed people in the second logistic regression. In the first regression, the very high coefficients for the category 'missing' (not depicted here but shown in the detailed results in the Annex) is due to the fact that most unemployed people who do not provide information on the sector where they last worked fail to do so either because they never worked or because they did so more than eight years previously (which also explains why those in this category are more likely to be long-term unemployed in the second logistic regression).

4 The variable on previous work experience is the only one whose sample is limited to those who are currently unemployed. The strength of this effect is much larger than that reflected by the odds ratio of this variable. This is because there is a correlation between this variable and the category of missing within the economic activity variable (which is highly significant). Since the sample is restricted to young individuals, many people included lack of work experience.

Country

Detailed results in the Annex (see Table A1) show the coefficients associated with the country dummies. As compared to Germany, the odds of being unemployed and long-term unemployed are much higher in several Mediterranean countries. Conversely, the likelihood of being long-term unemployed is lower in Scandinavian countries and the Netherlands than in Germany. Differences across countries, in terms of the odds of being unemployed and long-term unemployed, are explained by other factors than those included in the model. Therefore, the high statistical significance of the country dummies included in the regression indicates the existence of factors accounting for cross-country differences not included in the model, such as the macro-determinants studied in the next section of this chapter.

Overall, the analysis highlights the relevance of educational attainment and age, since less-educated and relatively older young people are much more likely to be unemployed and long-term unemployed. The same occurs for single individuals, while women and non-nationals are more likely to be unemployed but less likely to be so for a long period of time. Economic sector is significantly associated with the likelihood of being unemployed but not generally with its duration: those having worked in private service sectors are more likely to be unemployed, while the contrary applies to those having worked in the financial sector or in services with public sector presence. The effects of age, education and economic activity have somewhat intensified over recent years, except in the case of those working in public administration, who became more vulnerable by the end of the crisis period, probably due to recent reforms in European public sectors. By contrast, the higher likelihood of women being unemployed weakens over time, reflecting the fact that the crisis had the strongest impact on men's employment levels (the same occurs among those with a foreign background, to a lesser extent).

These results are broadly in line with previous research, which has typically found that, when controlling for socioeconomic variables, low-skilled and relatively older young people are more likely to be in long-term unemployment, while migrants and single individuals are associated with a higher risk of unemployment (Heidenreich, 2015) and women with lower risk of long-term unemployment (Isengard, 2003, for the UK). Moreover, male and migrant workers are among those workforce groups whose likelihood of being long-term unemployed (compared to their counterparts) was reinforced during the crisis (European Commission,

2012). By contrast, and differing from the present results, past research has found that being married was associated with a higher risk of unemployment, probably due to more limited mobility (Isengard, 2003, for Germany).

It is important to note that the results presented here are statistically significant for a larger number of variables for the first logistic regression between employed and unemployed individuals, than for the second logistic regression between short- and long-term unemployed individuals. This means that the variables included in the regression model are less able to explain the diverging incidence of long-term unemployment across different population subgroups than is the case with unemployment. This, together with the high significance of the country dummies included in the regression models, points to the existence of important country-level factors to explain long-term unemployment that have not been included in this analysis. The next section explores some of these country-level factors, which may explain divergences in the shares of long-term unemployment across European countries.

Macro-determinants

This section analyses the impact of country-level factors on the shares of long-term unemployment among younger people. It focuses on the share of long-term unemployed people within the total active population instead of within the unemployed population (the long-term unemployment rate), because the latter measure could be similar in countries characterised by very different unemployment rates. The analysis focuses on young individuals, whose long-term unemployment rates are lower (see Chapter 1), but whose long-term unemployment shares are typically higher and more sensitive to changes in the business cycle.

The empirical approach followed here consists of a statistical analysis of the bivariate association between changes in the macro-determinants (labour market institutions, macroeconomic conditions, and demographic and labour market characteristics) and changes in the shares of long-term unemployment among the active population aged 15–29 years. This is done in order to explore the extent to which the former impacts the latter over time. The dependent variable is the share of long-term unemployment, referring to the number of people aged 15–29 who are unemployed for at least 12 months, expressed as a percentage of the total active population aged 15–29 years.⁵ Data come

⁵ Those unemployed people that do not reply to the question on unemployment length are excluded from the denominator of this ratio (total active population aged 15–29 and replying to the question on unemployment length).

Box 1: Methodology used to investigate macro-determinants

The statistical analysis conducted in this section focuses on the bivariate association between the rate of long-term unemployment among young people and a range of labour market institutions, macroeconomic conditions, and demographic and labour market factors across countries and over time. It follows the same approach taken in a previous Eurofound study (2012b) on the explanatory factors behind the shares of young people classified as NEET across European countries.

In order to test the robustness of the results, four different model specifications are used in the regressions.

1. The pooled ordinary least squares (OLS) model applies standard linear regression techniques to study the association between the differences in long-term unemployment rates across countries and the independent variables. However, countries may have unobserved characteristics, which may introduce a bias in the results and produce a spurious correlation between the observed factors and long-term unemployment rates. This is why panel data regressions need to be applied as well.
2. The random effects model is a panel data analysis assuming that the unobserved country characteristics inducing the above-mentioned bias can be summarised by means of a time-constant country effect (normally distributed). Nevertheless, this model assumes that these unobserved country characteristics are not correlated with the independent variables introduced in the regression.
3. The fixed-effects model is a panel data analysis that focuses on the relationship over time between changes in the independent variables included in the regression and changes in the long-term unemployment rates within each country separately, removing the unobserved time-constant country characteristics. Nevertheless, if these unobserved country characteristics change over time, results may still be biased.
4. A second specification of the fixed-effects model includes the adult unemployment rate (among those aged 30–64 years) as a covariate in the regression analysis. This works as a time-varying variable representing changes in the country characteristics over time and across countries, at least in labour market conditions.

The analysis is carried out by regressing each of the independent variables individually on the long-term unemployment rates across countries and over time, applying each of the four specifications explained above. In all cases, the interpretation of the results is the same: the coefficients of the regression indicate the percentage point change in the long-term unemployment rate given a unit change in the independent variable.

from the EU-LFS for the EU28 countries and date from as early as 1983, for some countries, up to 2014. The data for the independent variables come from different sources and cover different time spans and countries; each of them is explained when introduced.

Regression results are presented for the bivariate association between shares of long-term unemployment and several independent variables, each of them introduced individually. Results are presented across different types of factors by using several regression models: pooled ordinary least squares; random effects; fixed-effects; and fixed-effects with covariates (see Box 1 for more details). The results are presented only in terms of statistical significance and sign (whether positive or negative), whereas detailed results are presented in the Annex (see Table A5).

Results of the analysis

Labour market institutions

This section analyses how long-term youth unemployment rates are affected by labour market institutions such as minimum wages, the level of coordination and coverage of the collective bargaining system, and expenditure in active labour market policies.

Minimum wages: This is one of the most discussed labour market institutions in the literature, especially the debate on the employment effects of minimum wage policies. These effects are particularly relevant for young employees, and the discussion around them is highly controversial and contains contradictory arguments at both theoretical and empirical levels.

According to neoclassical economic theory, a minimum wage will result in unemployment if set above the wage level where labour supply and demand are in equilibrium. This would particularly damage those whom the minimum wage is intended to help: employees with lower wage levels, such as young people. By contrast, Keynesian theory predicts that higher minimum wages will modify the relative prices of affected industries, but it will not necessarily reduce employment at the aggregate level; in fact, the contrary may happen due to higher demand and output resulting from higher wages (Herr and Kazandziska, 2011). Moreover, a binding minimum wage could work as an incentive for the least productive workers to improve their skills levels and productivity in order to remain employed (Cahuc and Michel, 1996).

A vast amount of empirical research exists on the employment effect of minimum wages, but results are inconclusive. Until the early 1980s, the consensus was that minimum wages had a negative impact on employment and especially for low-skilled and younger workers (Brown et al, 1982). This consensus was challenged in the early 1990s by a new wave of studies on minimum wages; these found much smaller negative employment effects, which were often not statistically significant (Allegretto et al, 2011; Card and Krueger, 1994, 2000), although disemployment effects for young people have been found by several researchers even more recently (Neumark and Wascher, 2004). This particular effect on younger people was reflected in the review of the existing literature, by Martin and Immervoll (2007), which stated, ‘The evidence shows that an appropriately set minimum wage need not have large negative effects on job prospects, especially if wage floors are properly differentiated (e.g. lower rates for young workers) and non-wage labour costs are kept in check’.

In the analysis conducted here, minimum wage levels are expressed as a proportion of average national wages, and the regression results reflect a weak link between minimum wages and shares of long-term unemployment (Table 1). The results need to be interpreted with care, however, due to data issues.⁶ Results of the OLS regression show a weak negative association between minimum wages and shares of long-term unemployment, which would reflect the fact

that minimum wage levels tend to be relatively higher in countries with better economic and labour market performance. However, once panel data techniques are used, higher minimum wages tend to push up shares of long-term unemployment among young people, though the results are not statistically significant generally; hence the inconclusive answer identified by the regression model.

Active labour market policies: Many types of measures can be designated ‘active labour market policies’ (ALMP) and include, among others, training, job-search assistance, and special placement programmes in both the private and public sectors for unemployed individuals.⁷ These contrast with so-called passive labour market policies, which consist of income transfers in the form of unemployment benefits and early retirement pensions paid for labour market reasons.

Theoretically, ALMP may increase the supply of labour and improve matching between labour supply and demand and, hence, may help to increase employment and reduce unemployment rates. Participants in an ALMP programme may improve their labour-related skills, which makes it easier to find a new job. Moreover, job-search assistance or being obliged to participate in an ALMP programme in order to keep unemployment benefits may increase efforts made by unemployed people when looking for a job (OECD, 2003). However, the effectiveness of ALMP differs significantly between the different types of programmes, and there could also be negative effects on employment, since participants in certain ALMP measures may have less time available for job-seeking (Betchermann et al, 2004; Heckman et al, 1999; Madsen, 2002). Most empirical studies confirm a negative relationship between unemployment and ALMP spending (Nickell and Layard, 1999; Scarpetta, 1996).

The indicator used here is the ratio of expenditure on ALMP as a percentage of GDP, divided by the unemployment rate across countries, following the approach taken by Nickell (1997). As expected, a negative and strong relationship is found between ALMP and shares of long-term unemployment across all specifications of the model except the country fixed-effects model with covariates (Table 1).

6 Eurostat provides this information for all countries with statutory minimum wage levels. For those countries with no statutory minimum wage (Austria, Cyprus, Denmark, Finland, Germany before 2015, Italy and Sweden), the lowest value of collectively agreed minimum wages is used (as compiled by Kampelmann et al, 2013) and then adjusted by inflation for the remaining years. Countries with no statutory minimum wage generally have higher minimum wage levels, although they do not apply to the whole workforce. This is a rather bold assumption, taken in order to keep countries with no statutory minimum wages in the picture.

7 According to the OECD Social Expenditure database (SOCX), ALMP ‘include all social expenditure (other than education) which is aimed at the improvement of the beneficiaries’ prospects of finding gainful employment or to otherwise increase their earnings capacity’.

Table 1: Results of regression analyses for labour market institutions

	Model specifications				Number of observations
	Pooled OLS	Random-effects	Fixed-effects	Fixed-effects + covariate	
Minimum wage	↓		↑		340
ALMP	↓	↓	↓		345
Wage-setting coordination (ref: 1, lowest coordination)					642 (505)
Coordination 2		↓	↓	↑	
Coordination 3	↑				
Coordination 4	↓	↓	↓		
Coordination 5	↓	↓	↓	↓	
Collective bargaining coverage	↓	↓	↓	↓	529 (425)

Notes: Coefficients significant at the 5% level are indicated by an arrow – red and upward pointing in the case of a positive coefficient, and blue and downward pointing in the case of a negative coefficient. Coefficients significant at the 10% level are indicated by a grey arrow. The number of observations in brackets refers to those for the model specification including the covariate.

Source: Authors’ analysis based on EU-LFS (minimum wages and active labour market policies) and ICTWSS data

Features of collective wage bargaining: The extent to which wages respond more directly to labour market conditions and individual productivity may affect employment outcomes for young people. This wage costs flexibility may be influenced by employees’ bargaining power, which may lead to excessive wage claims potentially damaging the employment prospects of the most vulnerable groups such as young people, according to some economic literature (Bertola et al, 2002). But strong unions, together with coordinated and/or centralised systems of collective wage bargaining embedded in trust and cooperation between social partners, may be beneficial for young people due to the wage moderation or vocational training policies that may result from such agreements (Müller and Gangl, 2003; Soskice, 1999).

Empirical evidence on the capacity of unions to affect the labour market opportunities of young people is rather scarce and inconclusive. Some studies find that unions do not seem to influence employment outcomes to a very relevant extent (Van der Velden and Wolbers, 2003). Others have found that a high level of unionisation seems to result in higher unemployment among young people, due to unions bargaining to protect their members and being willing to accept employment losses among groups such as young people (Bertola et al, 2007). Highly centralised (and

decentralised) systems have been judged as employment-friendly, as opposed to intermediate levels of centralisation (Calmfors and Driffill, 1988). In highly centralised/coordinated bargaining systems, unions would internalise to a greater extent the effects of their wage demands on employment at the macroeconomic level, leading to social pacts where employees may bargain policy concessions in exchange for wage moderation.

This report uses variables from the database of Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) to capture the characteristics of collective bargaining systems. The effect of the coordination of the wage-setting process is considered. The ICTWSS offers information on the coordination and the centralisation of wage bargaining, but while the latter is a summary measure ranging from 0 to 1, the former is an ordinal variable providing qualitative information, which is more appropriate for this analysis. The coordination variable ranges from a value of 5, when economy-wide bargaining takes place (based on government interventions or on enforceable agreements between unions and employers at national level), to a value of 1, when the wage setting is fragmented and mainly takes place at the company level.⁸ It is important to note that although the coordination and centralisation of wage

⁸ From less to more coordination: Level 1 is ‘fragmented wage bargaining, confined largely to individual firms or plants’; Level 2 is ‘mixed industry- and firm-level bargaining, with little or no pattern-setting and relatively weak elements of government coordination such as setting of basic pay rate or wage indexation’; Level 3 is ‘industry-level bargaining with somewhat irregular and uncertain pattern-setting and only moderate union concentration’; Level 4 is ‘centralised bargaining by peak confederation(s) or government imposition of a wage schedule/freeze, without a peace obligation’, ‘informal centralisation of industry- and firm-level bargaining by peak associations’ or ‘extensive, regularised pattern-setting coupled with a high degree of union concentration’; and Level 5 is ‘centralised bargaining by peak confederation(s) or government imposition of a wage schedule/freeze, with a peace obligation’ or ‘informal centralisation of industry-level bargaining by a powerful, monopolistic union confederation’. For more details, see Kenworthy (2001, pp. 2–3).

bargaining are different concepts, they are related and often go hand in hand; moreover, the coordination variable used here shares similarities with some other measures of centralisation.⁹

This ordinal variable of coordination is included in the model by introducing each of the different degrees of coordination as a dummy variable, which permits exploration of its non-linear relationship with long-term unemployment rates. The results show that, compared with the least coordinated systems (where wage-setting mainly takes place at company level), more coordinated wage-setting systems result in lower shares of long-term unemployment among young people (Table 1). However, this is the case for the most coordinated wage-setting systems (with centralised bargaining); some evidence emerges that intermediate degrees of coordination (industry-level bargaining) offer worse outcomes than either the most or least coordinated wage-setting systems, offering some support for the Calmfors and Driffill hypothesis (Calmfors and Driffill, 1988).¹⁰

The analysis also considers the effect of the proportion of employees covered by collective wage bargaining agreements (over all wage and salary earners in employment with the right to bargaining), which may be considered as a proxy for employee bargaining power when negotiating pay and working conditions. The results indicate that a higher coverage tends to result in lower shares of long-term unemployment among the younger population, although they are not statistically significant once a covariate is included in the model.

The effect of employment protection legislation on the shares of long-term unemployment was considered, too, but the results are not included here because they are not conclusive, which suggests the effect of employment protection legislation is more relevant in the case of unemployment than in its duration.

Macroeconomic conditions

This section analyses how macroeconomic conditions may influence the shares of long-term youth unemployment. It is to be expected that, against a background of high unemployment rates among the whole workforce, younger people may face more difficulties in accessing and gaining a strong attachment to the labour market (Wolbers, 2007). This is why unfavourable economic activity trends may result in growing long-term unemployment rates for young people (Gangl, 2002).

Macroeconomic conditions are proxied here by two variables: the adult core unemployment rate (among people aged 30–64 years) and GDP growth. As expected, a lower core unemployment rate and stronger economic activity would be beneficial for young people and would result in lower shares of long-term unemployment (see Table 2). Results are statistically significant across most model specifications in the case of the adult unemployment rate, while the effect of GDP growth changes its direction once the core unemployment rate is included as a covariate in the fixed-effects model.

Table 2: Results of regression analyses for macroeconomic conditions

	Model specifications				Number of observations
	Pooled OLS	Random-effects	Fixed-effects	Fixed-effects + covariate	
Adult unemployment rate	↑	↑	↑		508 (489)
GDP growth	↓	↓	↓	↑	533 (493)

Notes: Coefficients significant at the 5% level are indicated by an arrow – red and upward pointing in the case of a positive coefficient, and blue and downward pointing in the case of a negative coefficient. Coefficients significant at the 10% level are indicated by a grey arrow. The number of observations in brackets refers to those for the model specification including the covariate.

Source: Authors' analysis based on EU-LFS data

9 As noted by the author of this coordination variable, 'The coding for this index is not based on behaviour, i.e., on the actual degree of coordination that obtains. Instead, it is based on structural characteristics of the wage bargaining process ... in this respect this index is similar to indexes of wage centralisation, such as those of Iversen and Golden, Lange and Wallerstein, which rely on the presence or absence of a peace obligation in assessing the influence of firm- or plant-level bargaining in the wage setting process' (Kenworthy, 2001, p. 2).

10 More support for this hypothesis comes from the use of the ICTWSS numerical variable on the centralisation of wage bargaining (ranging from 0 to 1). The regression results for this variable are not statistically significant. But more detailed analysis shows that when introduced in quadratic form, the relationship between the shares of long-term unemployment and the centralisation of wage bargaining seems to follow an inverted U-shape.

Table 3: Results of regression analyses for demographic and labour market characteristics

	Pooled OLS	Random-effects	Fixed-effects	Fixed-effects + covariate	Number of observations
Youth cohort size		↓	↓		645 (508)
Temporary employment share	↑	↑	↑	↑	640 (506)
Part-time employment share	↓	↑	↑		641 (505)

Notes: Coefficients significant at the 5% level are indicated by an arrow – red and upward pointing in the case of a positive coefficient, and blue and downward pointing in the case of a negative coefficient. Coefficients significant at the 10% level are indicated by a grey arrow. The number of observations in brackets refers to those for the model specification including the covariate.

Source: Authors' analysis based on EU-LFS data

Demographic and labour market characteristics

This section focuses on demographic and other labour market characteristics and how they may affect the shares of long-term unemployment among young people.

Youth cohort size: The proportion of young people in the total working-age population (the youth cohort) may affect the labour market performance of young people. Competition may intensify and unemployment may increase if a growing number of young people access labour markets (Bassanini and Duval, 2006), although growth in the size of youth cohorts does not always seem to cause more unemployment (Gangl, 2002).

In this case, the results of the analysis indicate that a larger youth cohort size (measured as the proportion of people aged 15–29 years over the total population aged 15–64) does not result in more long-term unemployment among young people. Rather, the contrary emerges: the random and fixed-effects model specifications reflect negative and statistically significant coefficients (Table 3).

Non-standard employment: Two variables capturing the use of non-standard forms of employment among young workers are used: the proportion of temporary employment and part-time employment among employed people aged 15–29 years.

The debate on the use of non-standard employment (mainly temporary employment) typically involves two opposing arguments. According to one, non-regular employment may offer younger workers a stepping-stone into the labour market, which is preferable to unemployment. According to the other, use of non-standard forms of employment may become a trap for some young people, who may transition between temporary contracts and unemployment and end up losing labour market attachment progressively.

The results here seem to offer support to the latter argument, since a higher proportion of temporary and part-time employment generally results in growing shares of long-term unemployment across the different model specifications, as shown in Table 3. These results may be explained by the fact that the period is heavily influenced by the Great Recession: previous research has shown that in recessionary periods, increases in long-term unemployment have occurred despite the widespread use of temporary contracts in countries like Spain, where long-term unemployment has indeed expanded notably in recent years (Bentolila et al, 2008).

These results suggest that the use of temporary (and part-time) contracts, which constitute a source of segmentation between those on permanent and those on non-standard contracts, may result in a second type of segmentation: between those in employment and those in unemployment, who may end up being so for extended periods of time. Nevertheless, results are less statistically significant once the adult unemployment rate is included as a covariate (Table 3).

Summary

This chapter has identified the main individual characteristics associated with a higher likelihood of being unemployed and long-term unemployed and some of those factors contributing to an explanation of cross-country differences in the magnitude of the shares of long-term unemployment.

At the micro level, educational attainment and age play an essential role, since less-well-educated and relatively older young people are much more likely to be longer-term unemployed than their counterparts. This is also the case for single people. By contrast, non-nationals and women are less likely to be long-term unemployed. Economic sector is not very relevant for long-term unemployment, but those who have worked in certain private service sectors are generally more likely to be unemployed, while the opposite generally occurs among those working in sectors with a public sector presence. This association has become somewhat stronger over time for age and educational levels and all economic sectors, except in the case of those who have worked in public administration, who have become more vulnerable to risks of unemployment, probably due to reforms of public administration in recent years.

Institutional, macroeconomic and demographic factors should also be taken into account, since they may explain cross-country differentials in the shares of long-term unemployment. The analysis shows that more expenditure on ALMP seems to reduce the shares of long-term youth unemployment across countries, as does higher coordination in wage bargaining, in general.

3 Impact of long-term unemployment on young people

Spending a limited amount of time in unemployment may be considered as a testing but not unexpected part of the school-to-work transitions of young people. After completing education, young people have to find their own path in the labour market. This transition will often require them to adjust their expectations to the labour market situation, find a job they like and choose the career they want to follow during their professional life (Eurofound, 2012b, 2014). While short spells of unemployment will not harm a young person's career, long-term unemployment, however, can have lifelong consequences, damaging their employability and their future prospects (Burgess et al, 2003; Gregg, 2001).

In the literature, the route to adulthood is often conceptualised as one where various investments are made in the forms of capital. Individuals succeed (or fail) in the labour market due to their stocks of educational, social and psychological resources (Cole, 2006; Eurofound, 2012b). Possession of economic, human and social forms of capital greatly affect their chances of making a quick and successful entrance into the labour market. While various dynamics can hinder the acquisition of these forms of capital, the first consequence of spending a protracted period of time in unemployment is to inhibit further economic, social and human capital acquisition, which compromises the future employability of the young job-seeker. This may in turn have negative consequences for their physical and mental well-being, with the risk of a general disengagement from life and society.

Against this background, and making use of the European Quality of Life Survey (EQLS) and the European Social Survey (ESS), this chapter investigates the effects of long-term unemployment on several dimensions of youth well-being and the scarring effects of long-term unemployment on employability and earning potential.

Scarring effects

Youth unemployment has been regarded as a serious social problem since the 1980s, when the issue of unemployment became more acute and entered the policy agenda of several European Member States. Since then, many studies have investigated the consequences of unemployment on a young person's future employability and earning prospects. On this basis, there is general agreement in the literature that protracted unemployment experiences can have a long-term scarring effect on labour market performance, both in terms of labour force participation and future

earnings (Eurofound, 2012b; OECD, 2010). The best predictor of an individual's future risk of unemployment is their past history of unemployment (Arulampalam et al, 2000; Burgess et al, 2003; Gregg, 2001; Narendranathan and Elias, 1993).

While investigating causes and consequences of long-term unemployment, Burgess et al (2003) found that these are conditional on the individual's skill level, with a lasting adverse effect for low-skilled individuals but not for mid- to high-skilled individuals. Similarly, Gregg (2001) estimated the future incidence of unemployment based on the occurrences of youth unemployment and found that, depending on background characteristics, an extra 3 months of youth unemployment before the age of 23 years leads to additional 1.3 months out of work between the ages of 28 and 33 years.

Young people who experience long-term unemployment accumulate less work experience and suffer a deterioration of their skills. With less work experience, their future employment prospects are more limited. This can also result in lower earnings in the future. Several authors have concluded that (long-term) youth unemployment imposes a 'wage penalty' on future earnings. Gregg and Tominey (2004) estimated that youth unemployment imposes a penalty of 12%–15% on an individual's wages by the age of 42 years; this penalty is lower (8%–10%) if the individual avoids repeated incidents of unemployment.

The findings related to the concepts of scarring and wage penalties are extremely important as they indicate that disengagement from the labour market is not a temporary problem. Spending protracted time outside employment is likely to have lifelong negative outcomes, such as lower paid employment and a more unstable labour market attachment, which result in fewer opportunities.

Effects on economic outcomes

While the relationship between early experiences of unemployment and scarring and wage penalties has been investigated in the literature, the effect of the duration of these early unemployment experiences on future employment and earning prospects is less clear.

Investigating the effect of the duration of early unemployment experiences on future economic outcomes is not easy due to limited data availability; few longitudinal surveys or retrospective questions permit such analysis. In this report, the ESS is used to investigate the effect of recent or past long-term

unemployment experiences, in comparison with frictional unemployment, on three economic outcomes:

- current labour market participation;
- income;
- occupational skill level.

The ESS is an academically driven, cross-national survey that aims to measure people’s attitudes and beliefs in European countries. The 2012 survey is used in this analysis, which was carried out in 21 participating EU countries (Belgium, Bulgaria, Cyprus, the Czech Republic, Germany, Denmark, Estonia, Finland, France, Hungary, Ireland, Italy, Lithuania, the Netherlands, Poland, Portugal, Spain, Sweden, Slovenia, Slovakia and the UK). There were 31,355 respondents to the survey, aged between 15 and 64 years, inclusive. The sample is representative at national level, and weights were applied to correct for sampling errors and cross-national population. The effect on prime-age and older workers is used in order to infer the future effect of long-term unemployment on young people.

The ESS has a unique set of variables for studying the scarring effect of recent or past unemployment, allowing frictional, medium-term and long-term unemployment to be discerned. The ESS asks respondents whether they have ever experienced unemployment for longer than 3 months or longer than 12 months, and whether this unemployment experience occurred within the last 5 years. Using these questions, a discrete categorical variable was created, grouping all respondents into one of the four groups, as set out in Table 4.

This new variable allows the effect of recent and past unemployment experience of differing lengths on economic outcomes to be examined. Therefore, it is possible to investigate whether past long-term unemployment spells continue to predict employability and earnings more than five years after the experience.

The effects of recent and past experiences of unemployment on economic outcomes are investigated for the entire population through multivariate statistical analysis using a set of covariates in order to control for sociodemographic characteristics at the individual and

Table 4: Categories within the unemployment variable

Type of unemployment	Description
Frictional unemployment	Never unemployed for longer than 3 months
Medium-term unemployment	Unemployment experience lasting 3–12 months
Recent long-term unemployment	Unemployment experience lasting more than 12 months within the last 5 years
Past long-term unemployment	Unemployment experience lasting more than 12 months, but not within the last 5 years

family levels. These variables include: age, gender, educational level, health status, marital status, children in the home, migration background, place of residence, employment history of parents, and educational level of parents. Fixed effects controlling for country heterogeneity are included in the model. The sample was limited to exclude those in education (therefore, including only those in paid work, unemployed or ‘other inactive’).

Current labour market activity

As noted above, past unemployment is the main predictor of current unemployment (Arulampalam et al, 2000). For this reason, a strong effect of duration of unemployment experiences on current labour market participation was expected to be found. In order to control for sociodemographic characteristics, a multiple logistic model was applied. The dependent variable was current economic status. This form of regression analysis shows the probability coefficient of moving from the reference category (in this case, unemployed) to the other category (in this case, paid work). Frictional unemployment was taken as the reference category of the variable of interest.

The results of the analysis are presented in Table 5 and show that those who have experienced recent medium- or long-term unemployment spells are less likely to currently be in paid work compared to those who experienced frictional unemployment. This holds across all age groups, but to different extents.

Table 5: Probability of moving into paid work, according to unemployment history

Age group	Recent or past medium-term unemployment	Recent long-term unemployment	Past long-term unemployment
15–64 years	-1.58***	-3.08***	-.081***
15–34 years	-1.62***	-2.49***	-1.88***
35–49 years	-1.19***	-2.99***	-0.66
50–64 years	-2.20***	-4.04***	-0.74

*** = significant at 1%; ** = significant at 5%; * = significant at 10%.

Note: Multiple logistic regression; controls and fixed effects not presented; 21 EU Member States; n. = 15,834.

Source: Authors’ analysis, based on 2012 ESS

The effect of medium-term unemployment is larger for young and older workers, in contrast to individuals aged 35–49 years, where the effect is reduced. Conversely, recent long-term unemployment experiences show an increasingly strong negative impact based on age, suggesting that labour market marginalisation is compounded, with previous unemployment experiences increasing the likelihood of future unemployment experiences. However, the effect of past long-term unemployment experiences seems to contradict this conclusion, as this penalisation effect holds only for young people (which is likely due to the age profile of the cohort, and the fact that the removed long-term unemployment spell is, by nature, more recent than what it may be for the older cohorts) and then disappears for workers in the two older age groups. This seems to suggest that, contrary to other findings in the literature, the penalisation due to long-term unemployment experiences tends to disappear over time if a return to employment, with no further long-term unemployment spells, can be sustained.

Income

Household income is measured in the ESS with income figures based broadly on the actual deciles of income distribution in the country concerned. Previous literature suggests a relatively consistent relationship between income and unemployment experiences (Gregg and Tominey, 2004). In order to test this assumption, the sample for this analysis was limited to those who are in paid employment.

As the household income variable is a discrete ordinal variable that approximates income deciles (ordered from 1 to 10), an ordinal logistic regression model was used. The coefficients for this model can be interpreted as showing the relative stepwise increase or decrease in household income from a unit increase in the independent variable.

The analysis of the effect of unemployment duration on household income shows a relatively strong negative relationship between longer unemployment duration and household income, generally consistent across age groups (Table 6). The age group most affected across the EU is the 35–49 years age group; however, there is a

consistent and significant negative impact of longer spells of unemployment on income across different age brackets. If a person has experienced medium-term unemployment over the course of their life, they are expected to earn 3% less than a person who has experienced only frictional unemployment, other things being equal to the control variables. Moreover, if a person has recently experienced long-term unemployment, they can expect to have a household income almost 11% less than a person who had limited experiences of unemployment over the course of their life. Consistent with the previous analysis, the scarring effect is dampened over time once a return to employment is sustained. If the long-term unemployment experience occurred more than five years previously, a person can expect on average to have a household income of 7% less than the reference group. These results suggest a strong scarring effect from unemployment with regards to income. Long-term unemployment produces a much stronger negative effect than medium-term unemployment, and this negative impact continues even if the spell of long-term unemployment was experienced in the past.

Although the 35–49 years age bracket experiences the strongest effect, there is a significant effect on young people, with a decrease of 3%–8% in income. In this age category, again, there is still a strong effect for those who have had a more distant long-term unemployment experience than those whose experience of it has been within the previous five years. This can be explained in the same way as the current economic activity results – for the majority of those in this age group, five years is a large proportion of their working lives; therefore, the experience of long-term unemployment may be relatively closer. Experiencing long-term unemployment at an early age may also relate to unobserved factors. The strongest effect on income (a decrease of 15.6%) is recorded for older workers who have experienced a recent long-term unemployment spell.

Occupational skill level

In this report, the occupational skill level variable is created using the four-digit International Standard Classification of Occupations (ISCO) categorisation, developed originally by the ILO and included in the ESS dataset. The ISCO code for each respondent relates to

Table 6: Effect of unemployment history on household income

Age group	Recent or past medium-term unemployment	Recent long-term unemployment	Past long-term unemployment
15–64 years	-0.31***	-1.10***	-0.70***
15–34 years	-0.32**	-0.62**	-0.82***
35–49 years	-0.41***	-1.48***	-0.84***
50–64 years	-0.32**	-1.56***	-0.65***

*** = significant at 1%; ** = significant at 5%; * = significant at 10%.

Note: Ordinal logistic regression; control variables and fixed effects not presented; 21 EU Member States; n. = 12,759.

Source: Authors' analysis, based on 2012 ESS

their current or most recent occupation, and therefore includes those with work experience who are currently unemployed or inactive. For the purpose of this section, ‘occupation’ refers to the current or most recent job held. The ISCO provides a four-digit code, which is intended to classify every occupation, with some relationship to skill level. These are broadly grouped into 10 categories, which range from managers to elementary occupations (ILO, 2012). This ISCO categorisation is grouped into three broad categories based on skill level in order to increase sample size (Table 7), following the OECD ‘Education at a glance’ series (OECD, 2008). Respondents in the ‘armed forces occupations’ category were excluded from the analysis.

Table 7: Occupation and skill level classification

OECD classification	ISCO classification
1. Skilled	1. Managers
	2. Professionals
	3. Technicians and associate professionals
2. Semi-skilled	4. Clerical support workers
	5. Services and sales workers
	6. Skilled agricultural, forestry and fishery workers
	7. Craft and related trades workers
3. Unskilled	8. Plant and machine operators, and assemblers
	9. Elementary occupations
Excluded	0. Armed forces occupations

Source: OECD (2008)

A multinomial logistic regression was used in order to explore the effect of unemployment history on occupational skill level. The skilled occupation level was chosen as the reference group. Therefore, the coefficients found in Table 8 are related to the likelihood, all things being equal, of a person being in a

semi-skilled or unskilled occupation versus a skilled occupation, based on a change of unemployment duration history.

The results of the analysis show that, controlling for the other variables, those who have experienced medium- or long-term unemployment are more likely to be employed in semi-skilled and unskilled occupations. The effect is stronger for those who experienced recent forms of long-term unemployment: for this group, there is a greater probability of working in an unskilled occupation. However, this effect tends to reduce with age. A past long-term unemployment experience is significant for certain cohorts – in this case, the probability of working in an unskilled or semi-skilled job is higher for the 35–49 years group, but the effect disappears for young people and older workers, perhaps due to slow transitions from education into high-skilled occupations for the former group.

Effects on well-being

In general, the concept of well-being covers multidimensional aspects of individual and societal life that impact on a person’s general satisfaction with life. These aspects usually cover personal and psychological well-being, mental health, social exclusion and financial deprivation (Eurofound, 2003).

There is a growing appreciation of the ways in which modern transitions from school to work often involve a hiatus that can impact on young people’s general well-being and identity formation. It is recognised that an extended phase of disengagement from the labour market and education can lead to marginalisation and a sense of dependence among young people, with those affected often failing to establish a sense of direction and experiencing confusion in regard to the choices that may be open to them. In this respect, not only does unemployment have negative economic consequences for the young individual, it also affects their overall well-being by creating psychological distress, such as

Table 8: Effect of unemployment history on occupational skill level

Age group	Occupational skill level	Recent or past medium-term unemployment	Recent long-term unemployment	Past long-term unemployment
15–64 years	Semi-skilled	0.25***	0.40***	0.31**
	Unskilled	0.42***	1.01***	0.55***
15–34 years	Semi-skilled	0.20	0.86***	0.83*
	Unskilled	0.59**	1.10***	0.98
35–49 years	Semi-skilled	0.39***	0.23	0.37*
	Unskilled	0.61**	1.09***	0.76**
50–64 years	Semi-skilled	0.09	0.22	0.06
	Unskilled	-0.17	1.04***	0.31

*** = significant at 1%; ** = significant at 5%; * = significant at 10%.

Note: Multiple logistic regression; data from 21 EU Member States.

Source: Authors’ analysis, based on 2012 ESS

feelings of loneliness, powerlessness, restlessness, anxiety and depression (Creed and Reynolds, 2001; Furnham, 1994; Hagquist and Starrin, 1996; Hammer, 2000). Becker (1989) found that most young unemployed people experienced different forms of psychological distress, including disorientation, social isolation and health disorders. In addition, several studies have linked the long-term disengagement of young people with an increased risk of drug and alcohol misuse, poor health, teenage pregnancy and involvement in asocial lifestyles (Coles et al, 2002; Eurofound, 2012b). Young NEETs are also more likely to suffer from poor health and depression.

Investigating the effect of recent crisis-related youth unemployment on young people's well-being, Blanchflower (2010) found that self-reported happiness and life satisfaction among young people in the United States, the UK and Europe generally were clearly negatively related to unemployment. Young unemployed people were found to be:

less happy, more stressed, anxious, down and depressed, isolated, unloved, rejected, sad and most worryingly, suicidal. They also report that they have less hope for their future, have nothing to look forward to, that their life lacks direction and [that they] have little control over their lives (p. 15).

Moreover, youth unemployment was found to have a lifelong scarring effect on well-being, and spells of unemployment experienced before 23 years of age lowered life satisfaction, health status, job satisfaction and wages over 20 years later (Bell and Blanchflower, 2011).

In recent years, the relationship between unemployment and the well-being of young people has become a central question; however, it is often less clear whether duration of unemployment has a differential effect on well-being, and which direction, positive or negative, that effect might go (OECD, 2002). Unemployed young people reported lower life satisfaction than those in employment; however, long-term unemployed young people reported similar life satisfaction to that of the short-term unemployed (OECD, 2002). Similarly, using data from three large-scale European panels, Clark (2006) found a strong depressive effect of unemployment on young people's well-being but little differentiation for short- and long-term unemployed.

Investigating the impact of short-term and long-term youth unemployment (the latter defined as 26 weeks or more) on psychological well-being in the United States, Appelbaum (2013) found individual characteristics and personal traits were of considerable importance, and concluded that psychologically resilient individuals do not show any negative health consequences in the case of short-term unemployment but experience

psychological distress if exposed to long-term unemployment.

Investigating long-term unemployment and the risk of social exclusion among young people in Europe, Kieselbach and Traiser (2002) found that protracted disengagement from the labour market is a central risk factor for the overall integration of young people into society, with considerable increased risk of social exclusion from the labour market, as well as an increased risk of economic exclusion, institutional exclusion, exclusion through social isolation, cultural exclusion and spatial exclusion. The most important protective factors against long-term unemployment were found to be social support – in the form of social networks (northern Europe) or family (southern Europe) – social origin and irregular work; the latter is considered to be both a buffer and a trap.

Related to the growing awareness that long-term unemployment might be harmful to physical and mental health, Waddell and Burton (2006) showed that the benefits of work are greater than the harmful effects of long-term unemployment, and participation in the labour market can reverse the adverse health effects of unemployment.

Involuntary and protracted disengagement from the labour market increases the incentive to engage in economically motivated criminal activities. There is an inextricable link between unemployment, disengagement and criminal activities (Fergusson et al, 2001; Mitchell et al, 2002; Winefield, 1997). Furthermore, youth offending is often linked to educational underachievement, and studies have shown a causal link between an individual's education and labour market prospects and their probability of turning to economic-related crimes. Conversely, protracted unemployment not only makes crime more likely; a criminal record makes future unemployment more likely, and many studies agree that incarceration at a young age can have a long-term and significant impact on an individual's life (Fletcher et al, 1998; Sampson and Laub, 1997; Western, 2002; Western et al, 2001).

Background to the analysis

The effect of unemployment and its duration on young people's well-being is investigated here using the 2011 EQLS. Produced by Eurofound and carried out every four years, the EQLS is a unique, pan-European survey examining both the objective circumstances of European citizens' lives and how they feel about those circumstances and their lives in general. The EQLS covers all EU Member States and investigates a wide range of issues, such as employment, income, education, housing, family, health and work-life balance. It also looks at subjective topics, such as happiness, how satisfied people are with their lives, and perceptions of the quality of their society.

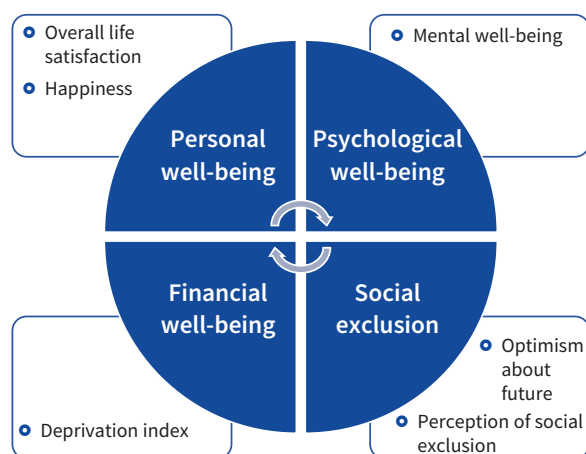
The EQLS is one of the very few social surveys that disaggregates unemployment according to its duration. It monitors duration of unemployment using the economic status of the respondent. This variable is organised in several categories:

- in employment;
- in short-term unemployment (unemployed <12 months);
- in long-term unemployment (unemployed ≥12 months);
- in education;
- in other activities (such as homemaker, disability, illness).

The distribution of this variable for the age category 15–29 years showed that at EU level in 2011, 7,116 respondents fell into the relevant age group. Most of them were at work (47.3%) or in education (30.8%). Nevertheless, 14.8% (or 1,053 respondents) were unemployed. For 58% of these (612 respondents), unemployment had lasted for less than one year; for 42% (441 respondents) it lasted one year or longer.

In the current analysis, the effect of the duration of unemployment is tested on several variables measuring the following four dimensions of well-being: personal well-being, psychological well-being, social exclusion and financial well-being (Figure 19). Each dimension is investigated through one or more indicators drawn from the EQLS. Only certain findings, selected from a wider analysis, are presented in this report.¹¹ As in the previous section, the investigation is carried out at the European level on the basis of multivariate regression models, which permit controlling for the sociodemographic characteristics of the individual.

Figure 19: Dimensions of well-being and variables investigated



These include: age, gender, educational level, marital status, having children, place of residence and health status. Fixed effects were included as country dummies in order to control for country heterogeneity.

Personal well-being

The dimension of personal well-being is investigated with two indicators:

- overall life satisfaction (Q30);
- happiness (Q42).

While life satisfaction and happiness are two related concepts, they are different. Being satisfied with life is more about meeting an expectation, being content, and being generally satisfied with one’s living standard, which individuals can be closer or further from meeting. Happiness is a more general feeling; there are no upper limits to happiness, and an individual can always want more happiness. The results of this investigation confirm the findings in the literature regarding the detrimental effect of unemployment on personal well-being. They also indicate that duration of unemployment matters and that the longer the period of unemployment, the lower the level of personal well-being.

Overall life satisfaction

In the EQLS, the variable measuring overall life satisfaction is a discrete ordinal variable ranging from 1 (very dissatisfied) to 10 (very satisfied). Descriptive statistics, illustrated in Figure 20, show that at European level, long-term unemployed people report lower life satisfaction (5.9), followed by short-term unemployed people (6.6), while young people at work and in education report the highest life satisfaction (7.5).

In order to investigate the effect of unemployment on life satisfaction, including how the effect varies by duration of unemployment, an ordinary logit analysis was performed. The results of the analysis reveal that, at European level, unemployment has a negative effect on life satisfaction (Table 9). The effect is stronger for longer duration of unemployment. Being unemployed short-term decreases overall life satisfaction by 0.82, while long-term unemployment decreases life satisfaction by 1.42. It is notable that being in long-term unemployment is the strongest factor in decreasing life satisfaction, according to this model.

Happiness

Similarly to life satisfaction, happiness is measured in the EQLS with a scale ranging from 1 (very unhappy) to 10 (very happy). On average in the EU, and confirming previous findings in the literature (Blanchflower, 2010),

¹¹ The full set of analyses is available upon request to the authors.

young people at work or in education are significantly happier than unemployed young people. Importantly, the longer the duration of unemployment, the lower the level of happiness. At European level, the average level of happiness for young people at work and education is 7.8 and 7.9, respectively (Figure 20). This value decreases to 7.3 for short-term unemployed young people and drops to 6.8 for those who are long-term unemployed. This seems to contradict the idea that after a certain time spent in unemployment, ‘habituation’ to the situation may readjust happiness upwards (Clark, 2006).

The results of the regression show that, at European level, unemployment decreases happiness significantly (Table 9). Yet again, duration matters: while short-time unemployment decreases young people’s happiness by 0.35, the effect is more than double for long-term unemployment (-0.78).

Psychological well-being

Previous research in the literature shows that, for the general population, unemployment is likely to have a negative impact on a person’s perceived or actual physical or mental health (Appelbaum, 2013). While for some authors, the experience of unemployment, regardless of its duration, negatively affects mental well-being (Clark, 2006), others claim that the effect is stronger if unemployment persists for longer time spells (Appelbaum, 2013; Cole, 2006).

Mental well-being

The domain of psychological well-being is covered by several questions in the EQLS. This report presents the findings of the effect of the duration of unemployment on one variable: the World Health Organization’s Mental Well-being Index (WHO-5) (Q45). Similar findings were found when investigating additional indicators such as general health status perception (Q42) and satisfaction with health (Q40f).

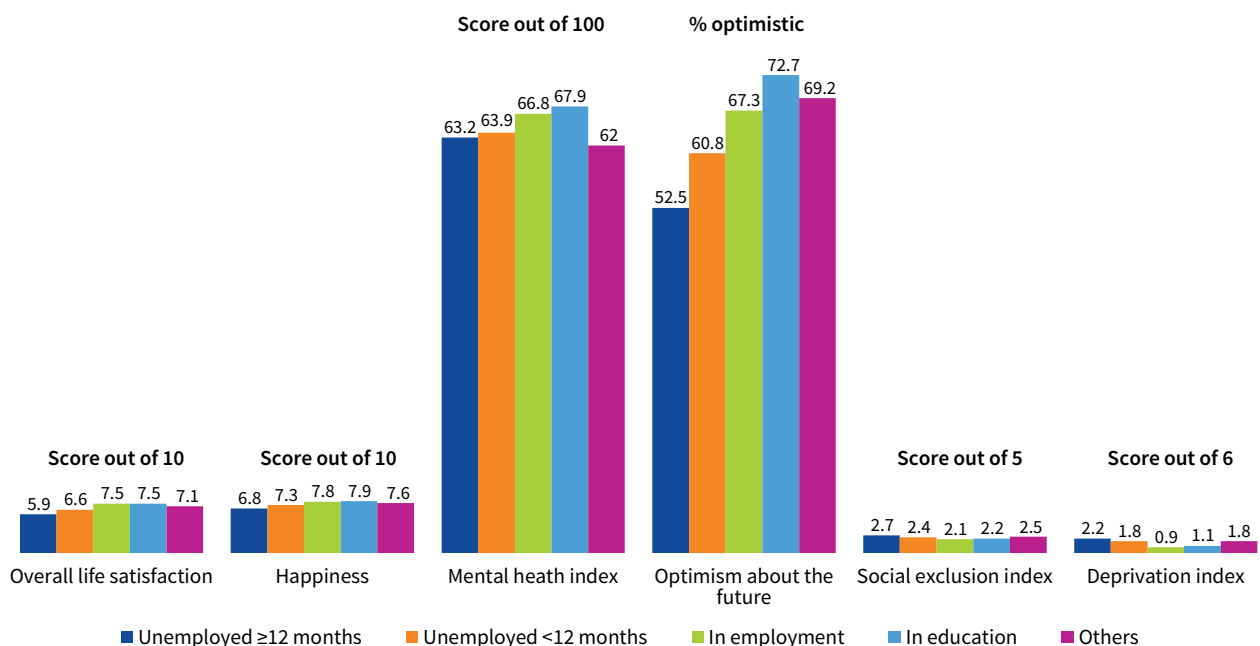
The WHO-5 is an indicator whose aim is to measure positive psychological well-being (Bech, 2004). The index measures a mix of hedonic and eudaimonic well-being over the previous two weeks and comprises the following five items:

- I have felt cheerful and in good spirits;
- I have felt calm and relaxed;
- I have felt active and vigorous;
- I woke up feeling fresh and rested;
- My daily life has been filled with things that interest me.

The five items are then combined and normalised in a single index varying from 0 to 100, with higher values indicating better mental health.

Results of the descriptive statistics reveal that, at European level, young people in work or education report significantly higher average levels of mental well-being (66.8 and 67.9, respectively) than young people who are short-term unemployed (63.9) and long-term unemployed (63.2) (Figure 20).

Figure 20: Descriptive statistics on the relationship between unemployment and well-being, EU, 2012



Source: Authors’ calculations, based on 2011 EQLS

The results of the multivariate analysis provide interesting results (Table 9). Controlling for sociodemographic variables, only short-term unemployment is recorded as having a detrimental effect on young people's mental well-being. Contrasting with the dimension of personal well-being, these findings seem to suggest that duration does not matter for this dimension. According to the analysis, it is the event of experiencing unemployment that has a detrimental effect on mental well-being. However, after experiencing the initial shock, the individual seems to adapt to the new situation and recover their mental well-being.

Social exclusion

Existing literature on the effect of unemployment on the risk of social exclusion for young people in Europe shows long-term youth unemployment to be a central risk factor for social exclusion (Kieselbach and Traiser, 2002). Despite the fact that social and family networks, social background and even irregular work might act as buffers, the effect of long-term unemployment has generally been found to be detrimental by increasing young people's risk of social exclusion considerably (Coles et al, 2002; Eurofound, 2012b).

The 2011 EQLS investigated the risk of social exclusion through several variables. In this report, two are considered:

- optimism about the future (Q29a);
- perception of social exclusion (Q29e, f, g, h).

Other variables, such as satisfaction with family life (Q40e) and satisfaction with social life (Q40g) have been analysed, the results of which are not presented here but are available on request.

Optimism about the future

In the EQLS, responses to the statement 'I am optimistic about the future' use a five-point scale, from 1 ('strongly agree') to 5 ('strongly disagree'). Here, the share of those who strongly agreed or agreed with the statement have been aggregated and investigated.

At European level, the most optimistic young people are those in education, at 72.7% (Figure 20). The share of young people who are optimistic about the future reaches 67.3% among those at work. Unemployment has a strong effect in terms of decreasing positive expectations, and duration matters: 60.8% of short-term unemployed young people are optimistic about the future, a share that falls to 52.5% for long-term unemployed young people. The results of the logistic regression confirm the negative impact of unemployment on optimism about the future (Table 9). While young people who are short-term unemployed are on average 35% less optimistic about the future than those in employment, those who are long-term

unemployed are 43% less optimistic. This confirms the main findings in the literature, but also reveals that duration of unemployment increases the risk of social exclusion among young people.

Perception of social exclusion

The perception of social exclusion is measured in the EQLS through an index based on four statements:

1. I feel left out of society;
2. Some people look down on me because of my job situation or income;
3. I feel that the value of what I do is not recognised by others;
4. Life has become so complicated today that I almost can't find my way.

It presents the overall aggregated average response to these statements, where answers range from 1 ('strongly disagree') to 5 ('strongly agree'). For this reason, the perception of social exclusion index ranges from 1 to 5; the higher the value of the calculated index, the higher the perception of being socially excluded.

The results of descriptive statistics show that the perception of social exclusion increases as the duration of unemployment increases (Figure 20). At European level, a lower perception of social exclusion is recorded among young people at work (2.1) and in school (2.2). This value increases to 2.4 and 2.7 for short- and long-term unemployed young people, respectively. The results of the multivariate regression analysis confirm this finding, revealing that duration of unemployment significantly increases young people's perception of social exclusion, as measured by this index (Table 9).

Financial well-being

The impact of unemployment on the financial situation and living conditions of the individual is an immediate, negative consequence of unemployment. Most of the literature investigating such effects (directly or indirectly) deals with unemployment-related financial deprivation and inequality, such as loss of income and problems making ends meet or maintaining one's standard of living or social status. Previous investigations agree that there is an inevitable deterioration in living standards following unemployment, with stronger effects for longer spells of unemployment. These highlight the important role of public policies in helping to compensate some of the lost income and in effectively reducing the negative consequences of unemployment (Fryer, 1986 referenced in Cole, 2006; Appelbaum, 2013).

The effect of the duration of unemployment on financial deprivation was investigated using several EQLS variables; the results of the analysis of the deprivation index (Q59) variable are presented here.

Table 9: Results of regression analyses of the effect of short- and long-term unemployment on dimensions of well-being

	Overall life satisfaction	Happiness	Mental health index	Optimism about future	Social exclusion index	Deprivation index
In education	0.12	0.13*	0.17	-0.57*	-0.04	0.1
Unemployed ≥ 12months	-1.42*	-0.78*	-1.62	0.26*	0.51*	1.19*
Unemployed < 12months	-0.82*	-0.35*	-2.84*	-0.01	0.22*	0.87*
Others	-0.18	-0.06	-0.38	-0.26*	0.18*	0.50*

* significant at 5%.

Note: Reference category: In employment.

Source: Authors' analysis, based on 2011 EQLS

Deprivation index

Objective poverty is measured in the EQLS by the deprivation index, which records whether people can afford six items that would be considered affordable in contemporary European households: 1. being able to keep the house adequately warm; 2. paying for annual holidays away from home; 3. replacing worn-out furniture; 4. a meal with chicken, fish or meat every second day; 5. buying new clothes; and 6. having family or friends round at least once per month. The deprivation index varies between 0 (when the respondent can afford all of the six items) and 6 (when the respondent cannot afford any of the six items). Higher values thus represent greater deprivation.

At European level, the results show that young people in education or in employment (scoring 0.9 and 1.1, respectively) rarely face deprivation in comparison to other groups (Figure 20). For those in education, this might be explained by living with, or still receiving support from, their family. By contrast, being unemployed increases the likelihood of deprivation, and the duration matters in terms of increasing the extent of the deprivation. Young people unemployed in the short term scored an average of 1.8, while the long-term unemployed scored 2.2. The results of the multivariate regression confirm that experiencing unemployment increases young people's deprivation level all over Europe. Being short-term unemployed increases the average deprivation index of 0.87 points, while an increase of 1.19 points is recorded for long-term unemployed young people (Table 9).

Summary

This chapter investigated the consequences of long-term disengagement from the labour market in terms of the scarring effect it may have on future economic outcomes and several dimensions of young people's well-being. It concluded that duration of unemployment matters: it shapes future employment outcomes of young people and affects their current well-being.

Firstly, using the ESS, the study investigated how past experience of unemployment leads to poorer economic outcomes for people, specifically labour market participation, income and occupational skill level. The results showed that the scarring effects vary across the three indicators. In particular, while long-term unemployment status experienced within the past five years has a negative effect on current labour market participation, this effect seems to disappear over time. In fact, according to the analysis, long-term unemployment experiences that occurred earlier than the previous five years are not associated with a labour market participation penalty for workers in middle or older age brackets. This leads to the conclusion that experiencing long-term unemployment at a young age does not constitute a lifelong scar in terms of future labour market participation, once a return to employment is sustained. However, evidence in the literature and in this analysis confirms that past unemployment spells predict future unemployment, which means that sustaining such employment may be difficult. Similar results were found in terms of occupational skills level: regardless of age, those who experienced recent long-term unemployment are more likely to work in unskilled jobs compared to those who did not have such an experience. However, this effect disappears if the long-term unemployment occurred more than five years previously.

However, and unfortunately, past periods of long-term unemployment, even in the distant past, were found to have penalties on wages and income. In particular, having experienced long-term unemployment negatively affects income when compared to the incomes of those who did not have such experiences. While this decrease is

higher among those who recently experienced long-term unemployment, this negative effect is also significant among those who have long-term unemployment experiences older than five years.

Using the EQLS, the study went on to investigate the effect of duration of unemployment on several dimensions of young people's well-being: personal well-being, psychological well-being, social exclusion, and financial deprivation.

The findings indicate that, at European level, unemployment harms well-being, with those in unemployment scoring lower in all dimensions when compared to those in employment or education. Duration of unemployment has a clear and negative effect on well-being in most of the dimensions considered. In particular, the analysis showed that spending protracted periods of time in unemployment considerably lowers overall life satisfaction and happiness, compared to short-term unemployment. Moreover, the longer the period of unemployment, the higher the perception of social exclusion. Long-term unemployed young people report less optimism for the future compared to short-term unemployed young people and those at work. They are also more likely to suffer deprivation and to be unable to afford typical items, compared with other young people, including the short-term unemployed. However, and interestingly, in the dimension of psychological well-being, the analysis showed that the short-term unemployed seem to suffer most. This confirms findings in the literature (Clark, 2006) and indicates that, in terms of mental health, it is the initial occurrence of unemployment that constitutes a shock, after which the individual starts to adapt to the new situation and to respond to it.

4 Policy responses: Rationale, features and implementation

The in-depth discussion of the effects of long-term unemployment on young people in the previous chapter highlights the importance of assisting young people back into employment, education or training. As emphasised in the Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market, the following steps should be taken in order to re-engage the long-term unemployed:

- encourage registration with the public employment services (PES);
- carry out in-depth assessments of individual needs as well as potential and, based on this, offer a job-integration agreement within 18 months of unemployment at the latest;
- include in this job-integration agreement steps such as mentoring, help with the job search, further education and training, support for housing and transport, childcare and long-term care services, and rehabilitation.

Ideally, these steps should result in easier access to employment services and simplified support, with a single point of contact for job-seekers, largely corresponding to the key elements laid out in the Youth Guarantee (Council of the European Union, 2013).¹² Though not specifically targeting young long-term unemployed people, these principles may assist in bringing young people back into the labour market or into education or training. However, there have been few systematic reviews of different policy measures that aim to reactivate long-term unemployed young people.

Against this background, the study now turns to a review of 10 policy measures targeting long-term unemployed young people, 1 selected from each of 10 Member States. This chapter looks in detail at their design, the barriers they aim to tackle, how they operate and the involvement of stakeholders.

Country and case study selection

As previous chapters have shown, EU Member States show considerable variation when it comes to the prevalence of long-term unemployment, including among young people. With the aim of providing a full picture of the heterogeneous situation in the EU, this report brings together policy examples from 10 Member

States: Austria, Finland, France, Germany, Ireland, Italy, Poland, Slovakia, Spain and Sweden. This country selection reflects the diversity of welfare state settings, including school-to-work transition schemes in Europe: universalistic (Finland and Sweden), employment-centred (Austria, France and Germany), liberal (Ireland), subprotective (Italy and Spain) and transition regimes characterised by a mix of liberal and employment-centred systems (Poland and Slovakia) (Walther and Pohl, 2005; Walther, 2006).

Another important consideration for the selection of these countries was the development of long-term unemployment trends in the Member States under review; the aim was to include countries with a low and with a high proportion of long-term unemployed young people, as well as those that have seen recent increasing or decreasing trends. In the cases of Italy and Spain, in 2016, the share of long-term youth unemployment in relation to the active population is high (19.8% and 12.8%, respectively) and increased sharply between 2008 and 2016 (by 11 and 10 percentage points, respectively). In the same year, in Ireland, France, Poland and Slovenia, long-term youth unemployment, as a share of the active population, was at a medium level (6%, 7.1%, 4.3% and 6.7%, respectively), with moderate increases recorded between 2008 and 2016 (3.5, 2.7, 0.5, and 4.6 percentage points, respectively). Finally, the countries that show low levels of long-term youth unemployment are Austria (2%), Finland (1.5%), Germany (1.55%), Sweden (1%) and Denmark (0.9%), with a slight increase between 2008 and 2016 in the case of Austria, Finland and Sweden (0.8, 0.5 and 0.3 percentage points, respectively) and a reduction over the same time period in the case of Germany (-1.4 percentage points).

Following the country selection, a list of 30 policy measures from the 10 selected countries was compiled, which was then scanned for existing good practice. Important considerations for this selection were:

- whether the policy measure was of reasonable size, had been in place for a number of years and is still running;
- whether the policy measure or certain elements of it were aligned to the Youth Guarantee framework as well as the Council Recommendation on the integration of the long-term unemployed;

¹² In addition, the Youth Guarantee encourages a true partnership approach between stakeholders, enforcing early intervention and activation as well as proactively reaching out to young people.

- the availability of previous assessments and evaluations;
- innovativeness in policy design and implementation as well as transferability to other settings.

Taking into account these considerations, 10 measures for in-depth review were selected for this report. Besides desk research, this in-depth review included a series of interviews with relevant stakeholders directly involved in the measures.¹³ The measures are listed in Table 10 along with a brief description of each.

Table 10: 10 policy measures for the integration of long-term unemployed people into the labour market

Member State	Measure	Social exclusion index	Implementation level
Austria	Spacelab	Spacelab is an initiative targeting 17–24-year-old NEETs mainly, typically with multiple disadvantages, who have previously dropped out of mainstream education or labour market measures. The measure is based on the close cooperation of different institutions, including youth workers. It supports young people by engaging them in a step-by-step process of building up their skills in line with their needs and labour market aspirations. The aim of this measure is for participants to exit the NEET status. It has been in place since 2005 and was initially funded by the ESF. This measure has been described as good practice by the European Commission.	Local (Vienna)
Finland	Ohjaamo (Navigator)	The Ohjaamo initiative aims to decrease youth unemployment in general and, more specifically, long-term youth unemployment and social exclusion by providing support and guidance at transition phases of life across a range of areas relevant for young people, including health. It has 40 one-stop shops across Finland. It was inspired by a predecessor pilot initiative, the Petra measure, which operated in the city of Vantaa.	National
France	Emplois d’Avenir (Jobs for the Future)	Emplois d’Avenir provides subsidised jobs, mainly in the not-for-profit sector, accompanied by training, with the objective of enabling young people to achieve qualifications and subsequently obtain a sustainable job. It combines individualised counselling, training and work experience. It is built on an inclusive and effective governance structure that supports the involvement of different stakeholders (including the social partners) in its design and implementation phases.	National
Germany	JA Plus (Jugend in Arbeit Plus – Youth into Work Plus)	JA Plus provides unemployed young people with one-stop-shop support in the form of advice and counselling, as well as a job-placement service. It targets young people up to the age of 25 who have been unemployed for more than six months. It is characterised by an integrated approach paired with decentralised implementation and close cooperation among stakeholders including employment agencies, social and (youth) welfare institutions as well as chambers of commerce. The measure aims for participants to transition into regular jobs (no part-time or low-paid jobs, with wages paid in line with collectively agreed wage levels).	Federal state (North Rhine–Westphalia)
Ireland	Vocational Training Opportunities Scheme (VTOS)	VTOS is a second-chance education initiative, which is client-centred and designed for people aged 21 years or over who are in receipt of welfare payments. It provides a range of courses to meet participants’ education and training needs. Its aim is to improve participants’ general level of education, enabling them to gain certification, to develop their skills, and to prepare them for further education and training, wage-earning employment or self-employment.	National
Italy	Dote Unica Lavoro (DUL) (Unified Employment Endowment)	Under the DUL programme, unemployed people in Lombardy receive a personalised plan for their professional development, along with vouchers for training services, which can be bought from private providers, thus introducing competition into the system. An initial assessment categorises the job-seekers according to the intensity of support needed (ranging from low to high support needs). DUL aims to address skills mismatches and slow school-to-work transitions. Participants can choose to use the services of both public and private providers; this feature introduces competition into the system. The measure is people-focused, results-oriented and promotes public–private collaboration. It aims to reduce the rigidity of the vocational training system through modular services and to ensure the timely labour market entry of young people.	Regional (Lombardy)

¹³ Country-level experts held at least four interviews for each measure. Interviewees included representatives from responsible ministries, PES, trade unions, employer organisations, youth organisations as well as academic experts. A total of 47 expert interviews took place in the framework of this project.

Member State	Measure	Social exclusion index	Implementation level
Poland	Bon Szkoleniowy and Bon Stażowy (Training Voucher and Traineeship Voucher)	In 2014, together with the Youth Guarantee programme, an activation package was introduced targeting people under 30 years, regardless of how long they had been unemployed. The package includes a training voucher and a traineeship voucher. The implementation of these measures takes an individualised approach, providing an in-depth diagnosis of a person's employability and skills needs. Following this, training and traineeships are adjusted according to the beneficiary's situation by offering an individualised in-depth diagnosis of employability and skills needs.	National
Slovakia	Absolventská Prax (Graduate Practice)	Absolventská Prax is a traineeship programme offering short-term workplace training to unemployed secondary school graduates below the age of 26 who are registered as unemployed with the PES for at least one month. The measure provides participants with their first hands-on labour market experience based on a written agreement between the job-seeker and the PES, as well as a parallel agreement between the PES and the employer. The work experience typically needs to be linked to the relevant field of study of the individual.	National
Spain	PICE (<i>Programa Integral de Cualificación y Empleo</i> – Comprehensive Qualification and Employment Programme)	PICE, in place since 2015, is an ambitious measure targeting young people aged 16–29 years. The programme encompasses a wide range of activities organised along different pathways adapted to young people's needs, based on an in-depth analysis of their employability profile, which results in an employment plan. The measure is implemented by the network of chambers of commerce throughout Spain. It works closely with local employers, encouraging them to engage in the programme by providing work and seeking to secure job opportunities for participants.	National
Sweden	Ung Framtid (Young Future)	This policy measure aims to decrease youth unemployment by working with young people closest to the labour market, thus preventing them from becoming long-term unemployed. The rationale of the measure is to quickly decrease the number of unemployed young people and thereby free up resources and personnel of the PES, which are then available to deal with long-term unemployed young people.	County level (equivalent to regional level as it is in place in 3 of the country's 21 counties)

Policy context and rationale at Member State level

The 10 selected countries have distinctly different starting positions in the context of long-term youth unemployment, as well as different risk factors linked to being a long-term unemployed young person. The extent to which long-term youth unemployment is debated publicly also varies by country. These factors result in countries applying different reasoning to developing interventions, including that related to diversity within target groups as well as concrete policy objectives.

In this chapter, the long-term unemployment rate is calculated as the proportion of the long-term unemployed among all active young people.

Austria

Austria has a generally favourable youth employment situation with 11.2% unemployed young people, compared to the EU average of 18.7% for 15–24-year-olds in 2016 and a very low prevalence of long-term youth unemployment among the active population (1.5%). A low level of educational attainment is an important determinant of long-term unemployment among young people. Vocational training plays an important role in the national education and training

systems, with a considerable proportion of each cohort of young people engaging, for example, in dual apprenticeship training. The absence of such technical training further increases the risk of young people becoming long-term unemployed.

Austria has a history of putting in place active labour market measures addressing young people and assisting them in their labour market transitions; spending on ALMP is roughly 40% above the OECD average. Some youth programmes widely recognised as well-performing have been in place for a number of years, such as supra-company apprenticeship training, youth coaching and factory schools (which **spacelab** now formally belongs to), for instance. These programmes offer a range of diverse and, in some cases, very personalised support services. However, Austria has been confronted with considerable numbers of young people dropping out from such measures (for example, roughly 50% of participants drop out of supra-company training), which is where **spacelab** comes in. This regional measure, based in the Vienna region, mainly targets 17–24-year-old NEETs. According to its framework, participants' commitment is built up step-by-step, with young people independently determining the extent of their commitment, which is gradually increased in the course of the programme, although participants also have the option of reverting

back to their previous step if they wish. The ultimate objective is for young people to exit NEET status, for example through integrating into existing mainstream employment, education or training measures.

Finland

Currently, 22.4% of 15–24-year-olds are unemployed in Finland. Similar to other EU countries, the most recent crisis was reflected in an increase in youth unemployment, which grew by more than 5 percentage points between 2008 and 2009 (from 16.5% to 21.5%). However, it should also be taken into account that only half of young people aged 15–24 years in Finland are part of the labour force. More than half of young unemployed people are students, most of whom are looking for part-time work to complement their studies, which is very common in this country. A substantial part of the decrease in youth employment can therefore be explained by the fact that students concentrated full time on their studies instead of engaging in part-time employment.

Comparatively few young people are long-term unemployed in Finland, with 1.9% of unemployed young people currently in this category, though this represents a 1.3 percentage point increase compared to 2008. Despite the lack of public debate on long-term (youth) unemployment, young people in this category are at risk of social exclusion or are already excluded, a particular concern in Finland, especially in relation to young men and those of migrant origin. Against this background, the Finnish measure **Ohjaamo**, which has recently been reformed (it was previously known as Petra), offers low-threshold, one-stop-shop support for young people. The measure is locally implemented in cooperation with different ministries and stakeholders. It is co-funded by the ESF and is an example of good practice, according to the OECD. Targeting young people aged up to 29 years (to capture those who have recently graduated), the general objectives of the measures are to prevent social exclusion and decrease unemployment among young people, as well as to bring those at the risk of exclusion ‘back on track’. The objective is to guide young unemployed people towards work, ALMPs and education, as well as other services, providing assistance and support at the transition phases of their lives. Ohjaamo aims to develop efficient youth services within the framework of the PES. These supports are administrated at central government level, in cooperation with multiple actors such as local governments, non-governmental organisations (NGOs),

local companies and educational institutions. The measure profits from the pre-existing system of local government services, by strengthening cooperation between different actors. An additional objective is to promote equity and gender equality in employment services and services for young people.

France

In France, roughly one-quarter of young people (24.6% of 15–24-year-olds in 2016) are unemployed, with 29% of these unemployed for more than one year. France is an interesting example when it comes to the public debate on long-term youth disengagement, a topic that, unlike in the majority of other Member States, is widely discussed. In France, the accumulation of multiple disadvantages by certain groups of young people is seen as a serious obstacle to labour market integration. These issues are typically associated with socioeconomic and geographical disadvantage, related to living in marginalised or deprived areas. The persistence of multiple disadvantages could also be attributed to inefficient or insufficient public policy interventions in education and the labour market, including a lack of information and guidance for students. Stakeholders from France who were interviewed felt that current education and employment policies fail to address the complex needs of young people, especially those living in marginalised areas. Through **Emplois d’Avenir**, priority has been given to ‘urban priority zones’ – areas of high unemployment and home to disadvantaged young people, the main target group of the measure.¹⁴ Beneficiaries are under the age of 26 (up to 30 years for disabled beneficiaries) and are not in work or education. They are unskilled or low-skilled, living in one of the urban priority zones, or long-term unemployed, and encounter particular difficulties entering the labour market.¹⁵ France has a tradition of putting labour market measures in place to assist young people enter the labour market and overcome the difficulties they encounter. Different measures implemented by different French governments and stakeholders over time are typically designed around three elements:

- financial assistance to companies to encourage them to hire young people;
- specific assistance to young people provided by the PES;
- easier access to training (Cour des comptes, 2016, p.10).

¹⁴ These areas are known as ‘quartiers prioritaires de la politique de la ville’ and are territories with a higher concentration of the population living in poverty (60% or less of the median income).

¹⁵ Young people living in these specific zones can also benefit from the measure, even if they have completed three years of higher education (whereas young people living elsewhere benefit from the measure only if they have not graduated).

Emplois d’Avenir, introduced in 2012, is the first governmental policy that specifically targets young unemployed people using all the above elements. The programme itself consists of subsidised work, mainly in the not-for-profit sector and is accompanied by training, with the objective of providing unskilled and low-skilled young people with access to qualifications and integrating them into sustainable jobs, ideally in the for-profit sector.

Germany

Germany weathered the crisis years comparatively well and had a youth employment rate of 7.1% in 2016 and very low prevalence of long-term youth unemployment (1.5%). As in Austria, there is an emphasis on vocational training in the national education and training system, and participation in dual apprenticeship training is high.

Looking at the proportion of long-term unemployed among unemployed young people (currently at 21.9%), it is obvious that Germany is, and has been for a number of years, dealing with a relatively higher number of long-term unemployed young people (compared, for example, to Finland or Sweden). The situation in the context of the German measure is therefore characterised by a ‘hard core’ of long-term unemployed young people, who typically have a low educational attainment, a higher incidence of early school-leaving and a lack of vocational education. In North Rhine–Westphalia, the most populated federal state, the labour market situation of young people is generally worse on average than in Germany as a whole; currently around 10,000 young people there are long-term unemployed. **JA Plus** targets young people under the age of 25 and focuses on integrating those who have been unemployed for more than six months into the labour market by placing them into regular employment. These young people frequently face the following disadvantages:

- low achievement in secondary school or failure to graduate;
- failure to complete vocational training;
- debts;
- psychological issues;
- a criminal record.

Policymakers generally, and particularly for this disadvantaged group, consider access to vocational training as crucial for the future labour market prospects of young people. This measure, unlike similar programmes in other countries, explicitly aims for regular employment contracts for participants, and this excludes part-time or low-paid jobs.

Ireland

In Ireland, 17.2% of 15–24-year-olds were unemployed in 2016. Young people were hit particularly hard by the Great Recession and have benefitted comparatively little from recovery. During the crisis, total employment of 15–24-year-olds fell by almost 180,000 between 2007 and 2012, a contraction of almost 54%. The decline in employment among those aged over 25 years was 128,000, or 7%. As a consequence, the employment rate for young people fell from just under 50% of the young population in 2007 to 28% in 2012. While employment of young people collapsed during the recession, the impact of the crisis on unemployment among young people was somewhat more muted, mainly because large numbers of young people stayed in, or returned to, education and partly due to emigration. Another interesting aspect of the Irish context is that during the crisis, the Irish government twice (in 2009 and 2013) decreased unemployment benefits for young people in an attempt to incentivise young people to take up education and training opportunities.¹⁶

Despite the crisis, Ireland has a comparatively low incidence of long-term youth unemployment, at a share of 6% of the active youth population in 2016, though the rate increased by almost 4 percentage points between 2008 and 2016. A recent report shows that currently around 13,500 young people are long-term unemployed, with over 4,500 unemployed for more than three years (National Youth Council of Ireland, 2016). Long-term unemployment is particularly an issue among young men, including teenagers and those with lower qualification levels. As noted by the European Commission, ‘issues relating to youth employment tend to be addressed in the context of labour market policy as a whole’ in Ireland; ‘as there are a number of measures in place to support young people this does not imply that youth matters receive less than adequate attention’ (European Employment Observatory, 2011, p. 29). An example of this approach is the implementation of the Youth Guarantee, through which, in some instances, a certain number of places in existing programmes are earmarked for young people. The **Vocational Training Opportunities Scheme (VTOS)** also fits in with this more general approach as it not limited to young people (though in practice 20% of participants are young people). The VTOS was first set up in 1989 and is generally designed for those who are far removed from the labour market and training and who have been registered as unemployed for more than six months. The aim of this programme is to provide second-level education of 30 hours per week for up to two years, with participants continuing to receive their benefits during the period of the programme.

16 After the cuts, those aged 18–24 years received €100 per week from the job-seekers’ allowance, compared to the standard adult rate of €188.

Italy

In Italy, labour market indicators for young people deteriorated sharply over recent years, with a peak of 42.7% of 15–24-year-olds in unemployment in 2014 (with a slight reduction of 4.9 percentage points in 2016). Structural challenges in linking the educational system and the world of work seem to play an important role here. This is partly due to there being few training initiatives, as well as the existence of rigid educational pathways at tertiary level, resulting in delayed labour market entry. Long-term youth unemployment is certainly an issue in this country, with unemployment exceeding 12 months for 52.4% of unemployed young people. An important element of the discussion in Italy centres on flexibility, though trade unions question the assumption that more flexibility can benefit youth employment. Discussions have also addressed the structure and governance of ALMP and the question of collaboration between public and private employment agencies in particular.

With the onset of the economic crisis, a number of successive reforms have tried to mitigate its impacts on the labour market, such as the Jobs Act (2015). This reform initiated the recentralisation of ALMP management through the establishment of the National Agency for Active Labour Market Policies (ANPAL), along with a renewed emphasis on enhanced collaboration between public and private agencies, including through the creation of one-stop shops, the personalisation of services and orientation towards results. Such reform was also inspired by the experience of **DUL**, the good practice measure from Italy under review here. The rationale behind the Italian measure is thus linked to structural challenges when dealing with (young) unemployed people rather than target-group-specific considerations. **DUL** is a more far-reaching reform of the interaction between public and private actors in the labour market area and is not limited to young people. One of its central aims is to increase the effectiveness of ALMP in Lombardy by providing recipients with a voucher that can be used for accessing individualised training and job-placement services. In this way, this measure, which is both people-focused and results-oriented, seeks to address skills mismatch and slow school-to-work transitions and to provide modular services to reduce the rigidity of the vocational education and training (VET) system.

Poland

Long-term youth unemployment is a comparatively marginal issue in Poland, with 4.3% of currently economically active young people in unemployment for more than 12 months. Overall, 17.7% of 15–24-year-olds are unemployed in the country. In 2015, the average period of unemployment for a young person was 7.6 months, considerably shorter than the average of 12.6 months for all unemployed. Interestingly, women up to 25 years of age remained registered as unemployed for an average of 8.8 months, compared to 6.1 months for men. Important risk factors identified for increasing young people's risk of becoming unemployed in Poland are:

- a mismatch between competences acquired in the education system and the needs of the labour market, with approximately three-quarters of employers reporting difficulties in finding a suitable candidate for a job in 2010–2014;
- lack of work experience among young people – at the end of 2015, among the registered unemployed up to 25 years of age, the proportion of those without any work experience was at 47.2% followed by those with up to one year of work experience (29.4%);
- living in a rural area, with the level of youth unemployment higher in rural areas (20% of all unemployed are registered in rural areas) and in smaller towns, as well as in some regions of the country.¹⁷

The topic of youth unemployment seems to have gained importance in Poland recently, resulting in the amendment of 14 March 2014 to the Act of 20 April 2004 on the promotion of employment and labour market institutions. This Act acknowledges that young unemployed people under 30 years of age¹⁸ are in an exceptional situation in the labour market and gives them a special status enabling privileged access to special programmes implemented by the PES at local level. As a result, and in line with Youth Guarantee provisions, an activation package was introduced in 2014 with measures including a job mobility voucher, an employment voucher, a partial refund of the social insurance contributions, a training voucher and a traineeship voucher. The last two instruments are discussed in this report. The general objectives of the Polish **Bon Szkoleniowy** (Training Voucher) and **Bon Stażowy** (Traineeship Voucher) are to raise employment levels and reduce the average period of unemployment among young people. **Bon Szkoleniowy** enables them to acquire new knowledge or skills through training, whereas **Bon Stażowy** emphasises work experience via a

17 Małopolskie voivodship (18%), Lubelskie (17.8%), Lodkarpackie (17.7%) and Świętokrzyskie (17.3%).

18 Previously, the upper age limit was 25 years.

traineeship with a specific employer. These vouchers cover the cost of training (paid to the young person) or the costs of providing a traineeship (paid to employers) up to the level of the national average wage. They also cover some expenses linked to the training or traineeship experience. The programme lasts for up to six months, after which, in the case of *Bon Stażowy*, the employer must employ the young person for a further six months. Both vouchers respond to the issue of skills mismatch in the Polish labour market, partly caused by inadequate curricula in the public educational institutions, which do not always fit labour market demands, as well as by a lack of cooperation between different levels of educational institutions and employers.

Slovakia

Around one-quarter of economically active young people aged 15–24 years (26.5% in 2015) are currently unemployed in Slovakia, with 1 out of 10 young job-seekers in unemployment for more than one year. In Slovakia, the main structural factor determining (long-term) youth unemployment is a lack or insufficient level of skills among the young population. Slovakia also faces difficulties in integrating the Roma population into the labour market. People from the Roma community living in Slovakia (about 2% of the population) still experience social exclusion, leading to direct forms of discrimination when looking for jobs, or indirect forms of discrimination due to cumulated disadvantages in terms of skills and education acquired.

Absolventská Prax, the measure reviewed here, is a traineeship programme offering short-term work placements for young people; it targets job-seekers below the age of 26 who are school leavers or graduates registered with the labour office for at least one month. The programme aims at tackling the lack of work experience among young people entering the labour market. It was first introduced in 2002 at national level and re-introduced in the framework of ALMP reform in 2014. The measure seeks to support young people's school-to-work transitions by providing unemployed school leavers with their first labour market experience, in order to increase participants' chances of successfully entering the labour market. The measure seeks to prevent long-term unemployment by pursuing an early activation approach.

Spain

Spain has experienced a sharp increase in the incidence of both youth unemployment and youth long-term unemployment, which currently affects 28.9% of young people registered as unemployed. In both Ireland and

Spain, the crisis led to fewer job opportunities, with certain regions particularly affected, especially in rural areas of these countries. In both Member States, the issue of youth unemployment has been extensively debated, as it has been among the social partners.

In Spain, policy debates were particularly centred on different subgroups of young unemployed people, such as early school-leavers previously employed in the construction sector who lost their jobs during the crisis, and young unemployed people with a tertiary education unable to find suitable job opportunities. At the same time, the political debate focused on the topic of poor-quality jobs for young people; mostly fixed-term contracts of very short duration often involving involuntary part-time work.

The Spanish case differs considerably from other programmes investigated, not only because the Spanish measure extends to the whole of Spain but also because the target group is also notably bigger. The labour market prospects of young people in Spain have sharply deteriorated as a result of the most recent crisis, leaving almost half of 16–29-year-olds unemployed for more than 12 months and one-third of them unemployed for more than 24 months. Aggravating factors that increased the probability of (long-term) youth unemployment were that 46% of unemployed people have only completed compulsory education, and one-third of young unemployed have never had a job. Another important factor in understanding the background for Spain is that long-term unemployed young people are likely to lose eligibility for unemployment benefits, and, more generally, young people increasingly lost trust in the capacity of the PES to effectively assist them in getting work.¹⁹ Against this background, the **PICE** programme was set up by the chambers of commerce as part of the Youth Guarantee. It benefits from the nationwide network of the chambers of commerce, with their links to the world of work considered an added advantage of their involvement.

Sweden

Youth unemployment in Sweden is very close to the EU average – 18.9% among 15–24-year-olds compared to an EU average of 18.7% in 2016. Only 1% of economically active young people are long-term unemployed, however, compared to the EU average of 5.5%. In Sweden, it is young people without an upper secondary education and with limited work experience who seem to be particularly confronted with barriers in accessing the labour market; in 2014, 40% of people aged 20–24 years who fit this description were unemployed. Young people with disabilities are another

¹⁹ As in other welfare systems, eligibility for unemployment benefits in Spain needs to be earned through spending a specified period of time in paid employment.

Box 2: Refining the terminology around long-term unemployment

In some instances, policymakers use another concept alongside long-term unemployment to provide a more accurate picture of the situation of protracted joblessness among young people.

In the case of **Austria**, for example, the category of ‘long-term inactive’ was introduced, which is similar to the concept of *Langzeitbezieher* (long-term benefit recipient) from **Germany**. These terms typically mean that a long-term unemployed person is in receipt of some form of benefit. In contrast to long-term unemployment, this status is not changed if the individual concerned takes part in active labour market measures such as training courses, though in such cases, they are no longer defined as unemployed. In such cases, the term *Langzeitbezieher* accurately reflects the reality of that person’s situation, allowing involved stakeholders, typically the PES, to monitor trends and identify potential need for further support.

In a similar vein, the concept of ‘repeatedly unemployed’ from **Finland** (unemployed for more than 12 months in the last 16 months) refers to those unemployed after participating in an ALMP measure and those transferring from measure to measure.²⁰

at-risk group. Two factors that may further aggravate this situation are existing employment protection legislation and wage levels. Legislation on employment protection may, in this case, have a negative impact on youth employment, due to a system that prioritises workers with the longest tenure when job losses are planned. As for wage levels, starting salaries negotiated in collective bargaining have increased more rapidly than other salaries over the past few years, thereby raising the relative labour costs of young workers. In Sweden, youth unemployment has been on the policy agenda for a number of years, including that of trade unions, especially since the onset of the global financial crisis. In addition, the extent of the current preventative approach was central in recent public debate, and for the social-democratic government that took office in 2014. That government approved an upper limit of 90 days for the length of time a young person can be unemployed before they are offered a job by the PES. The rationale behind the Swedish measure is linked to the structural challenges faced by (young) unemployed people, rather than to considerations of specific target groups.

Ung Framtid focuses on the prevention of long-term unemployment by prioritising those young people who are closest to the labour market. The rationale behind this approach is that when PES help young people with a higher chance of finding employment first, before assisting more difficult cases, resources are freed up and there is a lower client–support worker ratio. Moreover, this approach is largely in line with the principles of the Youth Guarantee of a client-centred and individual approach, which has been in place in Sweden for a number of years.

Barriers to labour market access

The main barriers that young people in the 10 Member States face in accessing the labour market, and which the measures reviewed here aim to address, are summarised below.

A general issue among long-term unemployed young people in many Member States is a lack of work experience, which is considered a particular obstacle in France, Ireland and Poland. In Ireland, this issue is exacerbated by a shortage of education and training opportunities available to young people, while in Poland it is further aggravated by the existing skills mismatch between the demand for and supply of labour. A lack of labour market experience is also perceived as an issue in Slovakia, where *Absolventská Prax* was set up for the purpose of equipping secondary school graduates with their first hands-on work experience.

Another important barrier, especially in those Member States hit hardest by the recent economic crisis, is a more general lack of opportunities for young people in the current labour market. While some Member States are dealing with comparatively small cohorts of long-term unemployed young people, some of whom are severely marginalised, in other parts of Europe, a considerably larger number of young people have been unemployed for more than 12 months, reflecting a more general lack of employment opportunities in those countries. In the sample under review, this is particularly the case in France, Italy and Spain, with measures in these countries having to address large cohorts of young people.

²⁰ An increase in this group, from 110,000 to 210,000, was registered in 2015.

A lack of recognised qualifications is another crucial barrier, preventing young people from successfully integrating into the labour market. This was cited as a particular issue in Austria and Germany, both of which have well-established VET systems, highlighting that in the absence of a recognised vocational qualification, it becomes more difficult for young people to gain a foothold in the world of work.

Living in a rural or a disadvantaged area emerged as particular risk factors, for example, in Poland and Sweden. Living in a disadvantaged area is also an important factor in France, where the *Emplois d'Avenir* measure has a substantial proportion of participants coming from the urban priority zones. Disability is traditionally a risk factor connected with young people experiencing difficulties when trying to enter the labour market; this was highlighted, for example, in Sweden as well as Germany and France, where the age limit for participating in the measure reviewed was extended to that particular subgroup. Another traditional risk factor is foreign or migration background, relevant in countries such as Austria, France, Germany and Sweden. Moreover, young people with multiple disadvantages are confronted with particular challenges when transitioning into the labour market. In general, this tends to be an issue in countries dealing with smaller cohorts of young long-term unemployed. An initiative like *spacelab* in Austria specifically targets such marginalised groups by reaching out to them via youth work.

Classifying measures by target group

Regarding target groups, the 10 measures discussed above can be grouped into three categories, based on their target groups.

- Category 1 targets young long-term unemployed or disadvantaged young people (see measures from Austria, Finland, France and Germany).
- Category 2 targets young unemployed people more generally but also includes more intensive support for the more disadvantaged (see measures from Poland, Slovakia, Spain and Sweden).
- Category 3 targets the unemployed more generally but with enough flexibility to address the needs of different groups, including long-term unemployed young people (see measures from Ireland and Italy).

Category 1 measures target groups that are, generally speaking, subject to multiple disadvantages, although with interesting differences in how they reach out. In the

cases of *Ohjaamo* from **Finland** and *JA Plus* from **Germany**, regional and local PES play an important role in assisting young people in getting into the programmes. In the case of *JA Plus*, regional PES centres allocate places to suitable young unemployed people and then work closely with chambers of commerce in order to find appropriate work placements for participants. Measures do not always involve registration with PES, however; **Austria's** *spacelab*, for example, reaches young people via the internet and youth workers making contact with young people in public places such as parks or shopping malls. In a similar vein, in France, the so-called *missions locales*, a network of local centres that work in partnership with job centres and the local authorities in charge of health, housing and social assistance, assist in recruiting young people for the *Emplois d'Avenir* measure.

Measures that fall under Category 2 target young unemployed people more generally, although all four engage substantial cohorts of long-term unemployed young people. In the case of **Poland**, around 19% of all recipients of *Bon Szkoleniowy* and 16% of recipients of *Bon Stażowy* are long-term unemployed young people. In **Slovakia**, long-term unemployed young people accounted for about 20% of beneficiaries who, after participating in *Absolventská Prax*, successfully integrate into the labour market. In **Spain**, the *PICE* initiative is not specifically intended for long-term unemployed young people but more generally at young NEETs; length of unemployment does not factor in determining eligibility for participants. On the basis of national data, an estimated minimum of 30% of beneficiaries are long-term unemployed young people (in Spain in 2016, the share of long-term youth unemployment among all young unemployed was 42%). Finally, in Sweden, 32% of young people participating in the *Ung Framtid* measure have been registered with the PES for more than six months, and 14% of participants have been unemployed for more than one year.^{21, 22}

Measures in Category 3 address unemployed people more generally. In **Ireland**, a certain proportion of places in the VTOS scheme is reserved for young people, and about 20% of participants are aged 21–25 (out of a total number of about 5,000 participants per year). In the case of the *DUL* initiative in **Italy**, about 5,300 long-term unemployed young people took part in the measure between 2013 and 2015 (out of a total of around 82,000 participants in that period).

The measures discussed above can also be more or less clearly differentiated according to their policy aims, in terms of whether they address participants' lack of

21 In Sweden, hourly employment is not considered steady employment and therefore someone can be registered as unemployed and at the same time work on an hourly basis. Six months is the limit for becoming officially classified as long-term unemployed.

22 Information released on 4 April 2017 by the *Ung Framtid* managing office (based on telephone interviews).

qualifications, lack of work-related skills, lack of work experience, or, as is typically the case, address a combination of these factors. The majority of measures address issues related to a lack of work-related skills. Measures can also be differentiated in terms of whether they mainly aim to prevent long-term disengagement among young people, the explicit objective in the Swedish case, for example, or to tackle existing long-term disengagement, which is the case for the majority of measures under review.

In terms of intervention point, it is worth noting that this is largely around the four-month point, in line with Youth Guarantee provisions, though it is shorter in the case of Sweden, for example, where the PES are committed to intervene within 90 days of unemployment, and longer in the case of the Irish measure, where participants become eligible only after six months of being registered as unemployed.²³ This is ahead of the 18-month intervention point set out by the Council Recommendations of 15 February 2016 on the integration of the long-term unemployed into the labour market.

Interestingly, in some cases, the immediate objective of the policy measure is to integrate young people into mainstream education, training and active labour market measures rather than the labour market. This applies to Austria, Finland and Sweden, for example. By contrast, the German measure's objective is to integrate participants into the primary labour market straight away, while the measures from Italy, France, Poland, Spain and Slovakia aim to ease school-to-work transitions by offering workplace experience or training. Second-chance measures allow those young people who did not make full use of their first experience of education to engage in schooling or training, ideally leading to a recognised qualification. In the sample under review, the Irish measure fits into this category, offering young people the opportunity to work towards gaining a recognised qualification. Other measures take a similar approach, allowing young people to catch up on workplace skills and training, for example in Austria, France, Poland and Spain.

As far as long-term and sustainable integration into good-quality jobs is concerned, the quality of education, training and work placements provided is an important consideration in facilitating the labour market integration of young people at a later stage.²⁴ Concerns over labour market integration, partly due to more structural labour market issues in the national or regional setting, were mentioned in the cases of Italy, Poland and Spain, while in Slovakia, for example, policymakers have become aware of potential abuse of

the measure by employers, which they are trying to address. The French and German measures seek to ensure good-quality job placements by setting up written agreements between the parties involved.

Policy implementation: How the measures operate

With a better understanding of the underlying rationale of the different measures, as well as the specific groups targeted and policy objectives envisaged, looking at the individual steps undertaken to implement the 10 measures enables a good understanding of what is happening on the ground and how different stakeholders are involved in delivering the projects.

Spacelab (Austria)

Spacelab is a low-threshold measure in the sense that there are no exclusion criteria in place; it is easy to participate in it and attendance can be flexible. Typically, and in addition to more traditional channels such as the PES or through online outreach, young people are recruited through youth workers who reach out in public spaces to inform them of the programme and invite them to visit one of the four spacelab sites located across Vienna. As previously mentioned, one of the key features of this measure is that young people's involvement is built up over time. Aiming to support young people in meeting their obligations and in getting accustomed to growing responsibilities, spacelab takes a slow, step-by-step process. Participants joining the programme are given as much time as needed to decide what skills they wish to acquire as part of the programme and also in the longer term. The first module is called 'open space', which involves visiting the spacelab site, where young people can ask questions and receive individual counselling if needed.

Once they are familiar with the programme and the staff involved and are confident they want to participate, participants move on to a slightly more structured phase. It is at this stage that the coaching process starts, during which an individual career plan is designed, taking into account a participant's current situation, challenges and resources. When needed, referrals are made to other institutions (for example, dealing with drug issues) or young people move on to the next step in spacelab, which is daily training (for example, in horticulture or information and communications technology (ICT), with general education classes held once per week). During this phase, participants register on a daily basis but without obligation to attend every day; they receive €10 a day and get experience of having

²³ This was recently lowered from a previous level of 12 months.

²⁴ For example, in terms of contractual status, decent wages, collective bargaining coverage or work-life balance considerations.

a daily routine. The final module requires more personal commitment as it comprises training on a regular basis for up to six months (up to 25 hours per week, receiving a monthly allowance from the PES). Participants decide when to move up stages of the programme and can also move back to their previous stage if they wish.

Ohjaamo (Finland)

Ohjaamo uses a model that aims to decrease youth unemployment in general, but more specifically long-term unemployment and social exclusion among young people, by providing support and guidance at transition phases of life. The Ohjaamo network covers 40 local centres, which offer information, advice, guidance and support across a range of areas. The services provided vary from assistance and guidance for CV writing and job applications to counselling in the case of financial problems or redirection to health services. No actual training is offered, but in practice the measure guides and supports young people to participate in such active labour market measures. Young people are referred to the programme mainly through the PES, where they are registered as unemployed. Consequently, the hardest-to-reach groups are NEETs who have not registered with PES. These are a minority at present but their number is estimated to be growing. In the framework of the programme, unregistered NEETs are encouraged to register as unemployed

Once enrolled, individual in-depth assessments are carried out, on the basis of which an individual integration agreement tailored towards employment, training or rehabilitation is set up. Participants also receive help arranging any other kind of supportive measure in respect of subsistence, housing or healthcare, for instance. In line with EU recommendations, this agreement is delivered through a single point of contact. The measures involve broad cooperation with state-level actors such as the Ministry of Employment and Economy, public employment services, local governments, local employers and educational institutions, as well as several NGOs.

Emplois d'Avenir (France)

Emplois d'Avenir is delivered by the *missions locales*, a network of local centres that work in partnership with job centres and the local authorities in charge of health, housing and social assistance. These are flexible and client-centred organisations that have a different relationship with their users than the PES (Pôle emploi), which is more of an administrative nature, allowing them to reach specific subgroups of young people without going through the job centres of the Pôle emploi. Emplois d'Avenir mainly creates jobs in the

not-for-profit sector focusing on activities of value for society (though companies in the for-profit sector working on innovative activities may also be eligible). The measure provides young people with jobs in the social or environmental sectors that have a high job-creation potential or that offer sustainable recruitment prospects (such as green and digital industries, the social and medical-social sector, the personal assistance sector, the entertainment and leisure sector, or the tourism sector). This measure provides a subsidised job, with the employer receiving financial assistance in return for the recruitment of a young person. This financial support is equivalent to 75% of the French minimum wage (*salaire minimum de croissance*, SMIC) for the not-for-profit sector and 35% for the for-profit sector. The financial aid is paid monthly and hiring cannot take place before financial aid is awarded. The employer must commit to training the beneficiary of the measure; this is documented in an agreement signed by the employer, the employee and the PES. The duration of employment can either be temporary, for a period from one to three years, or permanent, typically involving full-time employment.

JA Plus (Germany)

JA Plus offers support mainly to people who often are challenged on multiple grounds (including a poor educational background, social, psychosocial or financial problems, or a criminal record) through advice and counselling as well as a job placement. This support can last for up to 21 months and includes mentoring as well as an in-depth analysis of each participant's strengths and weaknesses at the start of the process. Implementation involves cooperation between regional employment agencies, municipalities as well as local economic chambers and companies, which may receive a subsidy of 50% for wage costs.²⁵ The measure involves four steps, with the first step being a referral from the PES, which includes a mentor profiling their strengths and weaknesses, as well as their support needs regarding a job search. Next, a placement manager from the chambers of commerce and crafts tries to match their interests and existing qualifications with current jobs on offer in local and regional companies. The young person then starts a job placement, which may initially be an internship but, as mentioned above, the sustainable labour market integration of participants is one of the central aims of the programme. Strong emphasis is put on a tailored mentoring process, which every participant receives in addition to socio-pedagogical support and preparation before taking up the job placement.

25 This is subject to specific conditions; applications for such subsidies have notably decreased over recent years.

VTOS (Ireland)

VTOS is a second-chance education initiative designed specifically for the unemployed. From the outset, the main objective of VTOS was to enable participants to raise their general educational levels while at the same time gaining skills for entry to the labour market, either directly after VTOS or indirectly through additional education and training in the then emerging further education programmes or in higher education. In other words, VTOS sought to be education-led, vocationally oriented and progression focused. Over the years, the number of places on VTOS expanded from its original 289 to 5,000 per annum, and coverage of the programme was extended to every county in Ireland. The eligibility age was lowered from 25 to 21 years. The eligibility period of registered unemployment was reduced from one year to six months, and the eligibility criteria were broadened to provide access to VTOS for individuals in receipt of a wide range of social protection support.²⁶ The VTOS programme was provided with permanent full-time staffing, including a management structure, and a professional guidance service was developed.

The VTOS scheme provides a range of courses to meet the education and training needs of unemployed people. It gives participants opportunities to improve their general level of education, gain certification, develop their skills and prepare for employment, self-employment, and further education and training. The range of courses is delivered in a more adult-friendly environment than mainstream education at secondary level. Participants attend 30 hours of courses per week (such as six hours per day for five days), and courses can last up to two years. VTOS programmes offer a wide choice of subjects and learning activities. Certification is available at a range of levels, including Junior Certificate, Leaving Certificate, and Quality and Qualifications Ireland (QQI) awards at Levels 3–6 of the Irish National Framework of Qualifications. Participants in VTOS retain their social welfare payments and receive a lunch allowance, a travel allowance (depending on the distance from home to the training location), and free books and materials.

DUL (Italy)

DUL is Lombardy's flagship instrument for supporting unemployed people into work, providing flexible and individualised support within a framework of free-choice service options. It does so by customising offers of employment services in a flexible and comprehensive way, while favouring competition between public and private authorised services, and

constantly monitoring its results, including by timely impact evaluations. DUL is based on four pillars:

- segmentation of potential participants into groups based on their distance from the labour market or employability;
- provision of a range of services to be used in combination by participants;
- an individualised path structured into different steps;
- a standardised payment system for service providers (proportional to the employability band for additional services and on standard costs for basic services).

It was introduced in 2013 in an effort to fully integrate training and employability measures while simplifying administrative procedures. It is considered to be the region's model employment and training policy, designed to accompany every person throughout their whole active life, with the explicit aim of achieving their employment objectives. Employability bands (or service-intensity levels) are defined as follows:

- Band 1: Low intensity of support, targeted at those more in need of an orientation service or limited assistance;
- Band 2: Medium intensity of support, targeted at those in need of continuous and dedicated assistance;
- Band 3: High intensity of support, targeted at those in need of continuous and dedicated assistance, constant support, and other forms of incentive or subsidy;
- Band 4: Other types of support, targeted at those not in need of outplacement but rather in need of initiatives to improve their employability.

Long-term unemployed young people belong to Band 3 and may receive one of five types of services that are available:

- basic services (access, initial interview, personalised plan);
- welcome and guidance (individual skills mapping, network support creation, guidance and training for job searches, tutoring);
- skills development (coaching, on-the-job and off-the-job training and tutoring, skills certification);
- complementary measures (wage subsidies, individual allowances, service vouchers, specific support for disabled people);
- job-placement services (including support for self-employment).

²⁶ Such social protection supports include Jobseeker's Benefit, Jobseeker's Allowance, the One-Parent Family Payment, Disability Allowance, Illness Benefit and Invalidity Pension.

The standard process foresees that potential recipients access the DUL through a registered provider and are then assessed and assigned to a specific band, depending on personal and employability characteristics, with an individual budget attached. In the next step, recipients and their provider together draft a personalised plan, indicating which services should be purchased by recipients by means of the voucher they have been granted and within its budget. This plan is implemented within a maximum of 180 days, or 90 days for lower intensity levels. The process ends with either employment or the individual going to another service provider. A person can participate in the DUL up to three times as long as a new provider is selected and services accessed differ from those previously utilised.

Bon Szkoleniowy and Bon Stażowy (Poland)

Bon Szkoleniowy and Bon Stażowy both address young unemployed people under 30 years of age, including the long-term unemployed. Bon Szkoleniowy covers all costs of training up to an amount equal to the national average wage. Other costs related to training may also be financed under this instrument, such as travel and accommodation costs. The training and its costs are proposed by a career advisor at the labour office under an individual action plan. In addition, the beneficiary is granted an allowance (financed by the Labour Fund) paid monthly, totalling up to 120% of unemployment benefit, if the training consists of at least 150 hours per month. In the case of Bon Stażowy, the labour office refers an unemployed young person to an employer selected by the beneficiary for a period of six months and covers the costs of the traineeship (approximately €240), as well as travel and medical or psychological examination expenses (if required at the workplace). The employer is obliged to employ the beneficiary for a subsequent six-month period following the traineeship. The fulfilment of this criterion entitles the employer to a premium amounting to approximately €350. The traineeship and its costs are also specified by a career advisor at the labour office under an individual action plan. This process is started by an in-depth analysis, which includes profiling based on a person's distance from the labour market. Beneficiaries fall into one of three categories.

- Assistance Profile I: Independent and active unemployed people, for whom the main form of support is job placement and, in certain justified cases, career advice and some selected labour market instruments (including the Bon Stażowy).
- Assistance Profile II: Those who require intensive support, for whom the labour office may use any labour market services and instruments, and other forms of assistance at its disposal.

- Assistance Profile III: Those furthest from the labour market and threatened by social exclusion; labour offices may use various support measures including special programmes (coordination of employment and social services from the PES and social assistance) and activation measures outsourced to employment agencies.

Within 60 days of profiling a beneficiary, an individual action plan is drafted, under which every registered unemployed person is presented with a proposal containing specific training courses or job offers.

Both instruments are individualised and client-centred, and, similar to other measures introduced with the 2014 amendment to the law on the promotion of employment, are in accordance with the implementation of the Youth Guarantee. Thanks to these changes, the scope of services provided by labour offices has been significantly expanded, and young people are now more likely to receive a job or a training offer within four months of being registered as unemployed.

Absolventska Prax (Slovakia)

Absolventska Prax is a traineeship programme offering short-term workplace training for unemployed secondary school graduates. By improving their practical skills, the measure aims to prevent young people from experiencing extended periods of unemployment. Absolventska Prax has become a key component of the national Youth Guarantee. It lasts three to six months, with a maximum of 20 hours per week. The traineeship is carried out according to a written agreement between the young job-seeker and the PES and a parallel agreement between the labour office and the employer, but does not involve an employment contract for the job-seeker. The agreements must specify the type of work experience that will be acquired and the way it will be acquired. The employer has to assign a worker to supervise the trainee. The labour office provides an allowance to the participant in the form of a flat-rate subsidy corresponding to 65% of the minimum subsistence level (€128.76 monthly) for a period of three to six months. This allowance cannot be extended or received more than once. Upon completion, the employer issues a certificate to the beneficiary. Participants in Absolventska Prax remain registered with the labour office during the workplace training and may enter another activation programme after its completion. A target to have 45% of long-term unemployed young people participate in the project has been set as a measurable indicator, though stakeholders do not consider this to be realistic.

PICE (Spain)

PICE, which is initiated and administered by the chambers of commerce, differentiates between four profiles of participants linked to different pathways. These four groups are:

- NEETS without qualifications or labour market experience;
- those without qualifications but with labour market experience;
- qualified young people without labour market experience;
- qualified young people with labour market experience.

Similar to Job Plus in Germany, PICE starts with an in-depth assessment of employability for each participant, which is carried out by a tutor from the chamber of commerce or a vocational guide, and an individualised training plan is drawn up. This step is followed by intense and tailored tutoring, guidance and counselling. Participants are then offered transversal training (for instance, in ICT, languages or soft skills), followed by specific training in line with the needs of local employers. Often such training takes place with the participation of local enterprises, and participants might be hired by one of these companies following their training (in which case, the company is entitled to a hiring bonus of €1,500 if they take on the participant for at least six months). Next, participants receive job-search assistance, and the last phase of PICE comprises work experience with local enterprises. What is interesting about this programme is that it not only includes measures that address gaps in general and job-specific skills, but also redirects young people into new sectors, ICT jobs and niche markets with jobs available at local level. In addition, a ‘mobility plan’ may be set up that envisages language training and work experience abroad (for up to six months).

Ung Framtid (Sweden)

Ung Framtid is implemented by the national PES in the three Swedish regions where the youth unemployment rate was highest in 2012. The focus of Ung Framtid is not to develop new methods for combating youth unemployment but to decrease acute youth unemployment immediately and to work preventatively. The measure first focuses on those closest to the labour market, who can more easily be matched with employers, in order to quickly decrease the number of unemployed young people; this frees up resources for those young people who are further from the labour market. Young people are first invited to an information meeting where the employment officer describes the project and what it can offer. Next, an individual mapping exercise is conducted, resulting in an assessment of whether the young person can profit

from this measure, whether it is possible to match them with an employer, and which activity is best suited to them. There is no standard path to be followed, and individual challenges are taken into account, though some issues – such as psychological problems, difficulties working in a team and various disabilities – may only emerge once a trust-based relationship has been built between the young person and the employment officer. Next, an employment plan is negotiated between the young person and the employment officer, which can be changed over time should other needs emerge. If an activity turns out to have no impact, another is tried.

As a result of this measure, the number of beneficiaries per PES staff member was reduced from around 100–120 to no more than 40. Employment officers are thus able to have more frequent contact with young people, to follow up with them and to have close contact with the employers. Other concrete measures put in place include typical PES activities such as job-search coaching and assistance in setting up an enterprise. A range of courses is offered, from year-long programmes to short or summer courses to distance learning. Such courses may be general (as an alternative to municipal adult education), may focus on specific areas of interest or different professions, or may target specific groups (for example, those with disabilities or immigrants).

Shared features

Many of the concrete features of the measures reviewed are found consistently across all 10 Member States, as illustrated in Table 11.

One-stop-shop support

The concept of one-stop-shop support, where young people receive assistance not just in relation to their employability but also for issues beyond the narrower objectives of employment policies, has been implemented in half of the measures under review. Examples of this more holistic approach come from both Finland and Sweden, Member States with a track record of providing more individualised and extended support to young job-seekers (Eurofound, 2012a). In the Finnish case, the Ohjaamo model consists of 40 one-stop shops across the country, which assist young people not only back into employment, education or training but also more generally in developing life-management skills. This is achieved partly by the service providers getting to know the circumstances and needs of the young people using the service; continuity is ensured by assigning a dedicated service coordinator to each participant. Services provided vary from assistance and guidance for CV writing and job applications, to counselling in financial matters or referral to health services.

Table 11: Overview of key elements of the 10 policy measures

Country	One-stop-shop support	In-depth assessment and individualised pathways	Mentoring or coaching	Education and training	Work experience placement	Employer incentives
Austria	X	X	X	X		
Finland	X	X	X		X	X
France		X	X	X*	X	X
Germany	X	X	X	X	X	X
Ireland				X*		
Italy		X				
Poland		X		X	X	X
Slovakia					X	X
Spain	X	X	X	X	X	X
Sweden	X	X	X		X	

* Leading to recognised qualifications

In-depth assessment and individualised pathways

An in-depth assessment of individual needs, career aspirations and existing competencies is the starting point for interventions in the majority of the measures. Such an assessment typically forms the basis for drafting a document resulting in an intervention plan (typically referred to as a career or employment plan). Profiling of participants can be the next step towards individualised pathways in those measures that can be tailored to different needs, moving away from more stringent one-size-fits-all programmes. DUL in Italy is an example of a measure where the profile of the job-seeker determines the intensity of support provided. In this case, long-term unemployed people fall into the third of four bands (with intensity increasing for each), with more financial resources dedicated accordingly. Spain's PICE is another example of this approach; here, the target group is divided into those with and without work experience and those with and without qualifications, and the training needs are defined accordingly. In the case of Poland's Bon Szkoleniowy and Bon Stażowy, depending on an in-depth analysis, profiling of each individual determines the kind of measures the PES have at hand to assist them, with those furthest from the labour market also receiving assistance in the area of social services, as well as the possibility of outsourced activation measures.

Mentoring or coaching

Mentoring or coaching is a central element in a number of measures, notably those in Austria, Finland, France, Germany, Spain and Sweden. For example, under the PICE programme in Spain, young people are supported by mentors from the chamber of commerce; these mentors have a good understanding of the local labour market as each chamber has carried out an assessment of local skills needs as part of the framework for PICE. An important component of JA Plus in Germany is that

support does not end when a work placement begins. During the first phase of employment, the employer who has hired a participant receives support from both the placement manager at the regional employment agency and the mentor working with the young person. With Ohjaamo in Finland, mentoring is provided in the form of general advice and support offered in successive meetings. Regarding Emplois d'Avenir in France, employers have to implement tutoring for the duration of a work placement.

Education and training

Educating and training young people in order to improve their skills, and thereby the quality of the labour supply, is a central element in a number of the measures. Only the Irish measure leads to recognised qualifications in the strictest sense, although other measures may direct young people towards opportunities for schooling or training. VTOS, a second-chance education initiative designed specifically for unemployed people, provides a range of courses to meet their education and training needs. It gives participants opportunities to improve their general level of education, gain certification, develop their skills and prepare for employment, self-employment or further education and training. The range of courses is delivered in a more adult-friendly environment than mainstream education at secondary level. A number of the other programmes include a training component, such as Emplois d'Avenir in France, where training forms an integral part of the measure. This is also reflected in the agreements signed by the employer, the employee and the PES; in this way, the nature of the training is defined by the PES (the Pôle emploi, the *missions locales* or the Cap emploi (the national network of PES for disabled people)) and the employers, but it is provided by the employers. The PES must support the employer in defining the position, the path of entry and qualification, and must ensure that the employer provides for the acquisition of transferable skills.

Training varies according to the level of qualification envisaged and the type of job undertaken (typically including training to acquire new competences and abilities, to adapt to the workplace, to gain skills, or to upgrade educational attainment to acquire a prequalification).²⁷

Work experience placement

Work experience placement, which improves the work-related skills of young people trying to enter the labour market, is another central element of measures supporting young people's school-to-work transitions (Eurofound, 2014). These placements are often considered a stepping stone into the world of work. They are provided by the Finnish measure, Ohjaamo, and the Swedish measure, Ung Framtid. The latter assists unemployed young people in finding practical vocational training with employers in order to get work experience, a job or simply experience of a daily routine.

In the case of Absolventska Prax in Slovakia, about two out of three traineeships are performed in the public sector, for example in state administration institutions, education, healthcare or social services, where trainees usually work as clerical support workers. Public sector employers are, however, less likely to create regular jobs for participating job-seekers after the placement than private sector employers. In the case of the Polish Bon Stażowy, where beneficiaries spend a period of six months in a traineeship with their costs covered, employers are obliged to employ the beneficiary for the six-month period following the traineeship.

Employer incentives

Lastly, employer incentives such as hiring subsidies traditionally represent an important instrument for policymakers seeking to encourage the labour market integration of specific groups, typically including young people or long-term unemployed people (Eurofound, 2017). For instance, companies hiring young people under the PICE measure in Spain receive a one-off payment of €1,500 for employing a young person. In Germany, employers may under certain conditions be eligible for financial support when hiring a young person on the JA Plus programme, though applications for such financial assistance have been declining over recent years. This decline is due to the increasing importance of other factors, such as a candidate's motivation, their suitability to the workplace and their ability to learn. According to stakeholders, these aspects are much more important, affecting financial returns in the long run, which is considered more important than short-term financial incentives.

Financial instruments have played a more important role as a 'door opener' for companies in the early phases of the programme.

Some measures attach conditions to such financial incentives. In the Slovakian case, for example, Absolventska Prax has generated considerable interest among employers as it enables the recruitment of young people with practically no financial and administrative costs. Stakeholders acknowledge that there is a certain risk of displacement effects, as well as a risk that some employers will replace existing paid workers with young people, in combination with providing non-standard contracts or cash-in-hand. In view of these challenges, Absolventska Prax was modified in late 2015 to support transition from the programme into a standard employment contract by way of providing wage subsidies to employers who, within 30 days after completion of the practice, hire the trained job-seeker. The maximum subsidy period is six months, and employers have to retain the subsidised jobs for at least another three months.

Innovation

Though the 10 measures differ in their depth and scope, some common innovative aspects can be identified. One important innovation is the way these measures reach out to unemployed young people. For instance, in the case of PICE in Spain or spacelab in Austria, the target group is typically not registered with the PES, so these measures reach out to young people through other means. Both measures make use of online tools and have successfully employed this 'e-outreach'. Cooperation with employers in bringing young people back on track is crucial, but it also bears the risk of generating substitution effects. In response to this issue, some measures have developed tailored strategies of cooperation, whereby employers can, for example, influence the content of training received or have their interests brought in via representation through chambers of commerce. Another important element of innovation is in the increase in personalised support, with the focus on motivation and self-esteem of participants, rather than on sanctioning disengagement. In most cases this was done through professional support, sometimes involving one-to-one support, typically from PES officers or mentors from the implementing bodies. However, DUL, the Italian programme, tries to exploit the potential advantages of market competition, with beneficiaries receiving a voucher allowing them to choose the service and the service provider they prefer.

²⁷ Prequalification is a vocational training course for all adults who have defined and finalised their training project. It is the prologue to their continuing education.

Stakeholder involvement

Recent years have seen increased attention paid to the importance of stakeholder involvement and, ideally, building up partnership-based approaches with the aim of bringing young people back into employment, education or training. The issue was emphasised, for example, in the Council Recommendation on setting up a Youth Guarantee (Council of the European Union, 2013). For the 10 measures under review, the following information was found regarding stakeholder involvement.

Spacelab (Austria): This is implemented by a network of NGOs, including the Association for the Creation of Open Culture and Workshop Houses (Werkstätten- und Kulturhaus), as coordinator of the measure, and Viennese youth centres engaged in reaching out to the target group. Other partners are Volkshilfe Beschäftigung, focusing on implementing the training, Sprungbrett für Mädchen, offering a girls-only programme, and the *Volkshochschulen* (community colleges), focusing on education modules.

Ohjaamo (Finland): This is based on close cooperation between the centrally coordinated PES, the National Pension Institute (Kela), local governments and the Local Governments' Association (Kuntaliitto), as well as local employers. Local educational institutions and several NGOs are also involved; for example, Ohjaamo centres work in close cooperation with local migrant organisations, which direct young unemployed migrants towards the centres. The programme cooperates with many other associations, such as the Finnish Association of Mental Health, from where young people may be redirected towards Ohjaamo.

Emploi d'Avenir (France): This programme involves numerous stakeholders in its design and delivery, ranging from the PES to the *missions locales* to the Cap Emploi but also involving social partners such as APEC (the Association for the Employment of Executives), CFTD (one of the main French trade unions) and MEDEF (the main employer organisation in France).

JA Plus (Germany): This measure is both financed and coordinated by the regional employment agency. The key player in its implementation is a regional network ('round table'), coordinated by the regional employment agency, which consists of chambers of commerce and crafts and municipal institutions in the field of youth and social affairs, as well as other relevant parties (such as trade unions).

VTOS (Ireland): This is a national programme under the jurisdiction of the Department of Education and Skills. At local level, it works in partnership with an extensive network of other organisations, including local Education and Training Boards; local institutes of technology; the Adult Literacy Service; local offices of the Department of Social Protection; the Regional

Education Guidance Service for Adults; local enterprise boards; the Local Employment Service Network; the Social Inclusion and Activation Programme; the Irish National Organisation of the Unemployed; the Congress Centres Network (a network of 23 centres distributed around Ireland organised by the Irish Congress of Trade Unions); local businesses; and a range of community organisations, such as St. Vincent de Paul and the Irish Countrywomen's Association.

DUL (Italy): Potential recipients access DUL through a registered provider and can freely select the provider that best fits their training and employment needs. In 2016, the PES and private employment agencies began, under specific conditions, to also cover postgraduate diplomas offered by universities.

Bon Szkoleniowy and **Bon Stażowy** (Poland): These two measures are both operated by PES offices at local level, and, by definition, employers are involved in the Bon Stażowy scheme, as they receive financial support for providing a traineeship. Although involved in the delivery of the Youth Guarantee, the Voluntary Labour Corps is not involved in the delivery of these measures.

Absolventska Prax (Slovakia): The PES (the Central Labour Office and territorial labour offices) are the main managing and coordinating authorities delivering Absolventska Prax. Social partner involvement is promoted through the operation of multipartite 'committees for employment issues', which are established at each territorial labour office and include representatives of the labour offices, trade unions, employer organisations and local governments. The committees have the competence to assess individual applications for financial contributions to non-mandatory active labour market measures (including Absolventska Prax), on which they can issue a positive or negative opinion. Decisions are taken in the form of resolutions, accepted with the consenting votes of the simple majority of members present. Social partners are not directly involved in the delivery of the measure; rather, individual employers create and deliver the traineeship opportunities.

PICE (Spain): The network of chambers of commerce is the central actor in the design and delivery of PICE. Local chambers of commerce can also take advantage of their strong ties with local employers. PES are not involved in the delivery of the programme, though participants need to register with the national Youth Guarantee in order to participate.

Ung Framtid (Sweden): This is implemented by the national PES in the three regions where it has been rolled out. The Swedish ESF Council and the PES worked very closely together in designing the measure. The PES received the resources for running the programme as it was considered a central actor and enabled the measure to get started quickly. Because it

Box 3: Registration of young people with PES

Compared to pre-crisis levels, the overall share of long-term unemployed job-seekers registered with the PES has been declining over recent years. The average in 2004–2007 was 77%, compared to 75% in 2015, with rates that differ considerably between Member States. In terms of long-term unemployed young people registering with the PES, statistics show that in 2015 the share of unemployed young people (15–24 years) receiving benefits and assistance was 9.7% for a duration of unemployment of 12–17 months,²⁸ 13.3% for a duration of 18–23 months²⁹ and 9.3% for more than 48 months.³⁰ The share of young unemployed people not receiving benefits and assistance stood at 51.5%³¹ for an unemployment duration of 12–17 months, at 51.9% for a duration of 18–23 months,³² and at 56.7% for those unemployed for more than 48 months.³³

Generally speaking, differences in PES registration rates across countries and recipient groups may be due to the duration and eligibility of unemployment benefits, the proportion of those who never worked among the long-term unemployed, and to obligations and sanctioning mechanisms linked to benefits, as well as to the quality and attractiveness of PES services.

Higher registration rates are essential for dealing with the long-term unemployment issue as these translate into higher participation rates in ALMPs, in turn leading to higher transitions rates back into employment. Low PES registration rates thus limit policymakers' ability to deal with long-term unemployment.

was drawn up and implemented quickly, some stakeholders did not play as big a role in designing the measure as would have been desirable. There were, however, many discussions with the regions, and social partners also participated in some workshops (notably trade union IF Metall and Almega from the employers' side).

PES are clearly an important stakeholder in the majority of Member States, acting as the main entry point for the programmes reviewed here and also for more structural measures such as the Youth Guarantee. Some interesting findings emerge regarding the interaction between PES and long-term unemployed young people. In the case of PICE in Spain, for example, young people are not required to be registered as unemployed with the PES, but they have to register with the Youth Guarantee. In the case of spacelab in Austria, participants and its target group are typically not registered with PES, but this does not affect their eligibility for programme participation. In the Swedish Ung Framtid, the PES commit to making an offer to young people within 90 days, one month less than the intervention point set by the Youth Guarantee.

Employers are also increasingly being recognised as playing a central role when it comes to assisting young peoples' transitions into the labour market, and employer engagement has become more central to policy debates in recent years. This is reflected in the 10 measures, with employers featuring as key stakeholders in the majority of the case studies. Member States engage chambers of commerce in programmes targeting (long-term) unemployed young people, as is the case in Spain and Germany, for example. One important driver for this may be that the majority of the programmes include work placements and internships (Table 11), for which good contacts with employers are needed. In the case of PICE in Spain, for example, local chambers act as intermediaries to engage local employers. Before the start of this programme, each local chamber carried out an assessment of local skills needs; PICE seeks to match companies' needs with young job-seekers. In Finland, Ohjaamo puts special emphasis on engaging employers, for example by organising recruitment events of varying sizes to identify concrete job opportunities in areas with high youth unemployment. Employment is further facilitated by informing employers about potential wage subsidies for the recruitment of young people and by providing them with assistance in employment- and apprenticeship-related administration.

28 The EU average is estimated by Eurostat; available data cover eight Member States: Belgium, Denmark, Finland, France, Germany, Greece, Spain and the United Kingdom.

29 The EU average is estimated by Eurostat; available data cover five Member States: Belgium, Denmark, France, Germany and the United Kingdom.

30 The EU average is estimated by Eurostat; available data cover two Member States: Belgium and Germany.

31 The EU average is estimated by Eurostat; available data do not cover Austria, Bulgaria, Estonia, Finland, Ireland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands or Romania.

32 The EU average is estimated by Eurostat; available data cover 10 Member States: Croatia, the Czech Republic, Denmark, France, Greece, Italy, Poland, Portugal, Slovakia and Spain.

33 The EU average is estimated by Eurostat; available data cover seven Member States: Croatia, the Czech Republic, France, Greece, Italy, Slovakia and Spain.

Summary

This chapter featured a detailed discussion of 10 policy measures that support efforts to combat long-term unemployment among young people and that use quite diverse approaches to achieving their objectives. Member States have very different starting positions in terms of the size of the target population: Austria, Finland, Germany and Sweden all have very low levels of long-term youth unemployment, while Italy and Spain have very high levels. The measures are implemented at different levels, with the majority (six) operating nationally, three operating regionally (Lombardy in Italy, North Rhine–Westphalia in Germany, and three regions in Sweden) and one local measure (Vienna in Austria). The longest-standing measures come from Ireland and Germany; the German scheme is the longest-standing German active labour market measure, in place for almost two decades. The most recently established measure is PICE, put in place in 2015 in Spain.

In terms of target groups, some measures specifically target long-term unemployed or disengaged young people (Austria, Finland, France and Germany), while others focus on unemployed young people generally (Poland, Slovakia, Spain and Sweden) or on long-term unemployed people regardless of age, as is the case in Ireland and Italy, although both countries have a substantial proportion of young people (for example, in Ireland, a certain quota of places are earmarked for young people).

The measures reviewed can be categorised according to objective, as follows.

- Preventative action: Finland and Sweden, and second-chance education (in the strictest sense) in Ireland.
- Job placement: France, mainly in the not-for profit sector, as well as Germany, Poland and Slovakia. Training is also relevant here, in Austria and Poland, while the Spanish measure includes both job placements and training.
- Structural reforms: Italy, where job-seekers receive a voucher with which they can buy services such as training from both public and private providers.

Diversity was also observed in relation to the policy objectives of these measures. These objectives include: exiting NEET status through integration into mainstream ALMPs (Austria); employment in non-subsidised work (Germany); certified or recognised educational qualifications (Ireland); decreasing the number of young job-seekers per PES officer (Sweden); promoting public–private collaboration in the labour market area and decreasing the rigidity of the VET system (Italy); and assisting youth transitions more generally (Finland). The measures in Slovakia, Poland and Spain seek to provide stepping stones into the world of work by offering training or work placements or both.

5 Policy responses: Input, outcomes and success factors

Employment policies are typically scrutinised according to the input that goes into measures and the results in terms of outcome and impact. This chapter looks at these aspects of the 10 policy measures addressing long-term youth unemployment. It also aims to identify common success factors that could be transferred to different settings across the EU. In addition to identifying good practice in policy measures, this chapter investigates whether the elements from the Council Recommendation on the integration of the long-term unemployed into the labour market are already reflected in existing measures at the local, regional or Member State level.

Resource input

In terms of resource input, both human and financial resources that feed into the individual measures are relevant, but geographical coverage and the size of the target groups determine how resource-intensive these measures really are. Another important consideration is that the majority of measures entail individualised support and tailor-made approaches, which may result in a considerable share of financing becoming absorbed by staff costs.

Austria: The spacelab measure involves 75 members of staff supporting participants, with an annual budget of €3.5 million. It was felt that funding was generally sufficient but some improvements, such as larger facilities, an additional site or additional education modules, had not been made due to a lack of additional funding.

Finland: In the case of Ohjaamo, the project's predecessor, Petra, had an annual budget of €444,000 in 2013–2014. After this initial funding, the activities of Petra were merged into the activities of Ohjaamo of Vantaa city, which resulted in the nationwide roll-out of this measure. Most of the Ohjaamo centres receive part of their funding from the ESF. ESF funding granted to the project for a three-year period totalled €8.5 million. Total public funding (ESF funding plus municipalities) planned for the activity period is about €19 million (Vantaa alone contributes €1.2 million). These figures do not include the budget of those permanently established Ohjaamo centres, which are directly funded by municipalities.

France: Emplois d'Avenir is fully financed by the state, with approximately €1.2 billion devoted to the measure on an annual basis. In addition, the *missions locales* receive annual subsidies of nearly €15 million to follow up with beneficiaries of Emplois d'Avenir.

Germany: JA Plus involves 60 full-time mentors from the chamber of commerce, with funding amounting to around €4 million per year.

Ireland: VTOS is funded by the Department of Education and Skills through the Further Education and Training Authority (SOLAS) and is operated by the 16 regional Education and Training Boards (ETBs). A total of 5,000 places are provided per year, with an average cost per learner in VTOS of €5,500 and an additional €8,000 in trainee allowances, with a total cost of €13,500 per participant. The overall cost is about €80 million.

Italy: The overall budget for DUL amounted to over €155 million in 2013–2015, with an additional approximate €87 million for 2016.

Poland: In 2015, the Bon Szkoleniowy measure received about €4 million (PLN 17 million), while Bon Stażowy received about €3.6 million (PLN 15 million).

Slovakia: After a sizeable increase in funding in the early phase of the crisis, spending on Absolventská Prax decreased substantially from 2013 onwards as a result of legislative restrictions (which changed it from a mandatory to a non-mandatory provision and lowered the financial allowance) and the reallocation of funds to other labour market measures. The measure was budgeted at just under €5.5 million in 2015; actual spending was about €1 million less than this.

Spain: PICE has a budget of €167 million (resulting in an annual budget of €41.75 million over the period 2015–2018), with around one-third of chamber of commerce staff (currently numbering 450) involved in delivering the project. The project aims to support a total of 85,000 young people in 2015–2018.

Sweden: A total of €56 million is allocated to Ung Framtid for 2014–2018, intended to cover 12,000 beneficiaries. The main part of the budget consists of wage-related costs for the support staff.

Box 4: ESF funding

ESF financing plays an important role, with the majority of the 10 measures receiving substantial financial support from the fund, ranging from one-third of co-financing for Ung Framtid (Sweden) to 92% of co-financing in the case of PICE (Spain). Only the French, Polish and Irish measures are entirely financed by national funds.

This suggests that the ESF plays an important role in financing youth-centred policies targeting long-term unemployed people across Member States. Moreover, in some cases, ESF financing has allowed Member States to experiment with new ideas and expand measures after a first pilot phase, when measures were deemed effective. This was the case in Austria; spacelab was initially financed by the ESF under the EQUAL Community Initiative during the 2000–2006 funding period but was later substantially expanded without further assistance from the ESF. In the case of Finland, the Petra project was funded by the ESF during its pilot phase, and ESF support for the Ohjammo network continues until 2018.

Outcomes

Although evaluation was an important criterion for the selection of the 10 measures reviewed, not all are subject to ongoing appraisal; while some measures have been evaluated rigorously, others are monitored only and lack sound evaluation. In particular, consistent data on cost-effectiveness remain scarce. However, the assessments that do exist indicate the policy relevance of the measures discussed in this report.

Spacelab (Austria)

In terms of output and outcomes produced, almost 11,000 young people were contacted through spacelab in 2015, of whom 824 were involved in the coaching process, 488 in daily training, 202 in continuous training (average duration of 160 days) and 276 in the education module. These numbers exceed those initially planned as demand was higher than anticipated. In 2015, 34.7% of participants who received coaching (286 people) exited NEET status, as did 69.8% of participants in continuous training (141 people). Evaluations highlight spacelab's ability to engage with the hard-to-reach and the fact that it offers a broad variety of measures, focusing on young people's strengths rather than their weaknesses.

Ohjaamo (Finland)

The predecessor of this measure, Petra, exceeded all its initial targets with the exception of one related to the creation of 35 new enterprises. From 2010 to 2014, Petra supported the transition of more than 1,000 young people into employment, more than 500 into work experience placements or training, and 250 into education leading to a recognised qualification. Altogether, 4,000 young people and more than 200 enterprises were involved in the programme. There are no comprehensive statistics on the beneficiaries of Ohjaamo so far; information has been collected in a systematic way only since the beginning of 2017. Most of the centres have kept a record of how many young

people have used their services but not necessarily on outcomes. In addition, young people are able to use Ohjaamo services anonymously, without making an appointment; these young people may get the help and advice they need without appearing in any register. Available information from April 2017 show that in 2016, Ohjaamo centres registered the following: provision of individualised guidance and advice about 50,000 times (53% men, 46% women; 63% aged 18–24 years, 14% aged 25 and over) and provision of group-based advice and guidance about 60,000 times. Young people mostly sought advice and support for employment and entrepreneurship, education, financial matters, health and housing issues.

Emplois d'Avenir (France)

Around 90,000 young people participate in Emplois d'Avenir annually, and the initial target of reaching 150,000 young people was achieved in 2014. It was found that this measure succeeded in targeting less-qualified young people: 41% of participants had no diploma (31% of those living in urban priority zones and 47% of those not living in one) and 83% did not have a bachelor's degree (60% of those living in urban priority zones and 96% of those not living in one). The measure also succeeded in engaging the long-term unemployed: 37% of young people living in urban priority zones and 26% of those not living in them were unemployed for at least one year before enrolling in Emplois d'Avenir. Training is a key element of this measure, and skills training was provided in 36% of the contracts signed; one year after signing their contracts, three-quarters of young people received some form of training and half of beneficiaries received specialised training. Among young people benefiting from training:

- 86% received training to acquire new competences and abilities;
- 83% received assistance to adapt their workstation;
- 36% received skills training;
- 13% upgraded their educational level;

- 7% received prequalification training;
- 11% profited from an induction period in their company.

JA Plus (Germany)

Since 1998, around 90,000 young people have participated in JA Plus, of whom 50% had only lower secondary education, 40% were female, 25% had a migration background, and 25% were unemployed for 14–24 months. Like the Austrian measure, JA Plus surpassed its target numbers (the initial target was 12.5% of all long-term unemployed young people but in the period 2008–2009, 20% participated, decreasing to 16% in 2010–2011). In terms of impact, around 50% of participants transition into employment, making it one of the most successful measures in the federal state. Evaluations show that participants' educational and qualification profiles have an impact on their labour market prospects and that those with a migration background and non-German citizenship face the greatest difficulties in securing regular employment.

VTOS (Ireland)

VTOS is delivered to about 5,000 participants each year, of whom about 77% were previously unemployed and about 57% were long-term unemployed. Approximately 20% of VTOS participants are under the age of 25. In 2012, 11% left the programme early, 30% continued with it, and 55% completed it. Of those who completed the programme, 65% progressed to further education or training, higher education, or employment. Overall, in 2012, 80% gained certification (Department of Education and Skills, 2014, p. 51). Most participants in VTOS are not considered ready or prepared to enter the labour market. VTOS is more client-centred than mainstream education, and, as such, can focus on barriers to educational participation, including lifestyle and personal issues as well as personal and social developmental difficulties. The vocational dimension of the programme leads to a strong focus on employment and career.

On average, young people spent 26 days in training during the first year, but that varies according to qualification level involved, the type of job and gender (young women are usually more qualified and often have less access to certified training).

DUL (Italy)

Over the 2013–2015 period, the initiative reached more than 82,000 individuals, of whom 27.4% were aged 15–29 years. Around 5,300 long-term unemployed young people participated in the measure (6.4% of the total). The overall coverage of the measure is estimated at 7.7% of those registered as unemployed in Lombardy. Interestingly, more than 55% (39,368) of those involved fall into Band 3 – those classified as being at a greater distance from the labour market, which is also the band

under which long-term unemployed people are classified.

Bon Szkoleniowy and Bon Stażowy (Poland)

Between May 2014 and May 2016, around 10,600 young people took part in these Polish measures. Both vouchers were the most popular in the year in which they were introduced (2014) compared to other similar measures in Poland. In subsequent years, the number of participants fell, especially for the traineeship voucher (Bon Stażowy). The shares of young long-term unemployed people who benefitted from the training voucher (19%) and the traineeship voucher (16.3%) are, however, well below the general proportion of long-term unemployed people in the group of all young unemployed (29.2%). The evaluation report of the Ministry of Family, Labour and Social Policy shows the effectiveness of the two measures is higher than that of traditional forms of activation. Young long-term unemployed people account for almost one-fifth of all beneficiaries of the two measures. The popularity of the measures is due to the individualised approach, which involves adjusting training or traineeships according to a beneficiary's situation, and the comprehensive coverage of all costs related to the training or traineeship.

Absolventska Prax (Slovakia)

On average 7,000–10,000 participants per year complete the programme. PES data show that long-term unemployed people accounted for almost 7% of job-seekers entering the programme in 2012, which fell to below 3% in 2015, after the minimum registration period needed to qualify for Absolventska Prax was reduced. With a broadly defined target group, ranging from short- to long-term unemployed graduates, the measure appears to be effective in mainly reaching young people who have experienced shorter unemployment spells right after leaving secondary education.

PICE (Spain)

Some of the measures under review are long-standing, but PICE was set up only in 2015. However, it has already produced results. By September 2016, more than 41,000 young people had participated in the initial phase of the programme (meeting 100% of the target). Despite this success, the initial plan that 85% of participants in the initial phase would move on to transversal training was not achieved; only 55% managed to do so, due to a number of reasons – some, for example, dropped out as they had reached the upper age limit, while others found a job or returned to education independent from this programme. As a result of these issues, the initial targets were subsequently corrected. In terms of engaging

employers, PICE has managed to bring more than 2,500 employers on board, and as of October 2016, 650 young people had been hired using the €1,500 hiring incentive for companies. Though there is a lack of consistent monitoring of PICE, some local chambers are reporting positive labour market outcomes (in Castellón, Valencia, for example, where there is a labour market entry rate of 30% out of 1,000 participants).

Ung Framtid (Sweden)

Since the start of the project in September 2014 until July 2016, more than 7,200 young people completed the programme, of whom 61% obtained a job; this was slightly below the set target of 65%. A further 10% returned to education, considerably below the target of 25%. Nevertheless, the measure did succeed in reducing the ratio of participants to PES staff from 100–120 per staff member to no more than 40. Young people as a group are highly prioritised in Swedish policy; the national coordinator of the Swedish ESF Council suggested that they are perhaps prioritised too much, given the favourable economic situation in Sweden today. The programme was designed in 2012 when youth unemployment was very high, but the rate has since decreased and the project has even encountered difficulties in finding enough young people to participate in it, especially in those regions where youth unemployment peaked at an earlier point.

Concluding remarks

To sum up, substantial differences can be observed in the level of resources feeding into the 10 measures, as well as the outcomes achieved. The amount of resources allocated varies considerably depending on the geographical coverage and the envisaged target group of each measure. Generally speaking, stakeholders who were interviewed felt that the amount of funding provided was appropriate, though some concern was raised over funding in the cases of the Irish and Slovakian measures. Another exception is the Italian DUL initiative, where stakeholders acknowledged that current funding is too low in order to adequately address the needs of all potential beneficiaries. As most of these measures entail individualised support, staff costs are likely to absorb a considerable share of funding; moreover, authorities need to ensure that staff are adequately skilled to provide effective support. Tailor-made support and professional staff have

produced good results in the past and are notable success factors in the case of the Swedish measure, where the PES agent–client ratio was reduced from 1 agent for every 100–120 clients to 1 agent for 40 clients. Similarly, PICE in Spain benefitted from the professionalism of staff involved and their ability to attract companies and to support job-seekers. Funding from the ESF has consistently played an important role, either in initially financing new measures or doing so on an ongoing basis.

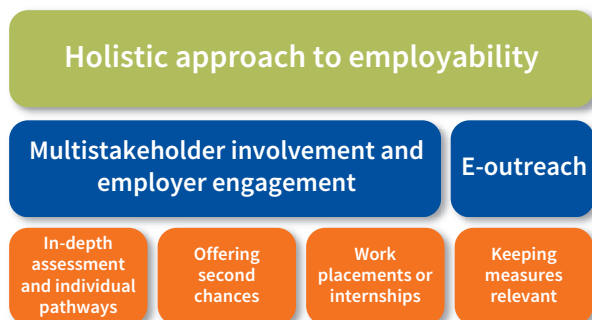
Some measures provide financial support for those participating in training, traineeships or education. The actual amount of such allowances and their levels compared to viable alternatives (like participation in other activation measures or the national minimum wage) is a crucial factor in attracting the target groups. This was stressed particularly by stakeholders assessing VTOS in Ireland and the Bon Szkoleniowy and Bon Stażowy schemes in Poland. Some of the above measures provide allowances for those participating in training, traineeships or education courses. In the case of Bon Stażowy (traineeship voucher), it was noted that the allowance paid to beneficiaries may be too small compared to the minimum wage (€240 compared to €320), which may discourage potential beneficiaries from taking part in the programme.

Participant numbers are especially relevant in assessing whether the target group has been reached, as well as revealing the composition of beneficiaries (for example, in terms of gender balance, minority background or educational level). Again, however, these largely depend on geographical scope as well as the pool of unemployed young people, including long-term unemployed. In terms of outcomes, some of the measures reviewed produced remarkable results in overcoming barriers faced by long-term unemployed young people and in supporting their integration into employment, education or training. Examples include the German measure, where 50% of participants found jobs in non-subsidised employment, and the Finnish measure, where one out of four participating young people managed to find a job. In the case of DUL (Italy), participants had a 30% higher probability of being employed after 6 and 12 months of participation, and in the case of the Swedish measure, a total of 48% of long-term unemployed young people were in employment one month after participation.

Success factors

A number of good practice factors emerge from this review of 10 policy measures. The main ones are presented in Figure 21 below.

Figure 21: Success factors of good practice measures under review



Holistic approach to employability

A common finding is the need to provide individualised intensive support for young people facing multiple disadvantages, whether this is related to the labour market, education or individual circumstances. In many ways, a number of the measures focus on building up the employability of young people in the broadest sense. This ranges from strengthening commitment to participating in training measures to increasing self-awareness and self-confidence to building mutual trust, for example through a personal mentor. Fostering trust among participants and confidence in their capacity to learn and engage in further educational, vocational or professional commitments seems crucial. This may require support in a full range of areas beyond the labour market sphere, as well as more targeted assistance to address specific barriers, such as addressing asocial behaviour and resistance to institutions through trust and sustained support. Low-threshold measures such as the Austrian or Finnish measures have proven to be effective in this sense, as have other measures such as JA Plus (Germany) or VTOS (Ireland), which take account of individual barriers. Mentors providing one-to-one assistance may also play an important role in building up a trust-based partnership with long-term unemployed young people; this an integral part of the programmes implemented in Austria, Germany and Spain. In the case of Germany, both the young person and the company involved receive support beyond the duration of the programme, if needed.

Multistakeholder involvement and employer engagement

Flexible design, decentralised implementation and cooperation of relevant actors, including local employers, are equally important factors in ensuring effective policy measures are put in place. These factors take different shapes in the measures reviewed. The

French measure provides a good example of an inclusive governance structure, enabling the involvement of different actors in the design and implementation of the measure on the basis of a sound distribution of competences and functions. Strategic objectives and targets are set at national level, but the programme is implemented at local level on the basis of the cooperation of local actors, including local employers. A decentralised approach is also key in the Swedish measure, with PES staff actively cooperating with local employers. There is now broad agreement that for policy measures assisting young people to enter or re-enter the world of work, employers need to be engaged, ideally in both project design and implementation. Examples of such engagement emerged, for instance, in employer involvement through chambers of commerce. This features very prominently in PICE, the Spanish measure, which is both initiated and carried out by a network of chambers of commerce. Interestingly, before the start of this programme, each local chamber carried out an assessment of local skills needs and in the framework of PICE seeks to match companies' needs with young job-seekers.

Work placements or internships

These tools are widely considered to provide an important stepping stone into the labour market, and a number of measures are centred around such interventions, ideally providing young people who lack work experience with the skills necessary to secure employment afterwards. Hiring bonuses offered to employers taking on a young person at the end of a certain programme are widely in use, though not without a certain conditionality in order to avoid abuse, as, for example, in the case of the Slovakian measure. Tailor-made events are another means of bringing employers on board. In the case of the Finnish measure, for example, it was found that young people were often extremely nervous when attending job interviews, but tailored recruitment events, both small and large, made it easier for both parties to interact with each other. From the employers' perspective, these events allowed them to gain a better picture of the employability and skills levels of young unemployed people. Moreover, they were informed about any subsidies for hiring young people on the programme and assistance to minimise the administrative burden involved.

E-outreach: New ways of reaching out

Innovative ways to reach those young people who are most distant from the education and training system is one important element of successfully engaging this target group with employment, education or training. Though the PES play an important role as a central entry point for active labour market measures, in many Member States, PES registration of young people is lower than that of the general population, and a decreasing trend has been observed. Reaching out to

and engaging young people in measures set up for them can be particularly challenging in cases where PES registration is lower, which may be partly explained by the fact that young people may not yet be eligible for receiving unemployment benefits. E-outreach, as in reaching out to young people via dedicated web portals, online tools or social media, can be a solution to this challenge. The Spanish measure, for example, which does not require participants to register with the PES, communicates with young people via email, WhatsApp, WeChat and Facebook. It also has links in the national Youth Guarantee portal. In the case of the Austrian measure, outreach via Facebook plays an important role; youth workers directly contact young people who may be at risk of social exclusion and invite them to visit a spacelab site via Facebook.

In-depth assessment and individual pathways

Emphasised strongly in the Council Recommendation on establishing a Youth Guarantee, in-depth assessments of individual skills, needs and resources of young people is good practice, especially when it comes to long-term unemployed young people, as this target group may experience multiple disadvantages preventing them from integrating into employment, education or training. Taking into account the labour market readiness of beneficiaries featured consistently in the sample of measures reviewed. In some instances, this assessment is linked to a more formal profiling of beneficiaries, which can have financial implications for the provision of services, as is the case in Italy and Poland, for example. In a next step, in-depth analysis of issues faced by potential beneficiaries, as well as resources available to them, feeds into individualised support, such as intense mentoring. In the case of PICE (Spain), for example, one of the main success factors identified was the professionalism of the mentors involved and their ability to attract companies and to support job-seekers. A key success factor in the Swedish measure was the reduction in the number of clients assigned to each PES employee from around 100–120 initially to 40, allowing for more individualised support. Individualised support, central in the majority of the policy measures reviewed, can be costly, however, as tailored approaches require staff to spend an adequate amount of time with each young person; it also means that staff have the appropriate training to provide this level of support.

Offering second chances

Second chances may be crucial when dealing with disadvantaged young people. In the strictest sense, only the Irish measure does this, offering unemployed people, including young people, the opportunity to improve their training and education, ideally leading to recognised qualifications. This is especially important when dealing with young people with multiple disadvantages; offering a step-by-step approach, allowing them to increase their commitment over time and allowing second chances can be a useful approach to ensure that participants do not drop out early. In the case of spacelab (Austria), for example, young people can initially receive training on a day-by-day basis, and only later are they integrated into a more structured training programme requiring more commitment, though even then they can return to the previous phase if they need to. Related to this, managing expectations when setting up these programmes is also important. This can be achieved by limiting ambitions in terms of outcomes, as some young people are likely to drop out, for various reasons, including reaching the age limit for eligibility to the programme, finding a job or returning to education.

Keeping measures relevant

The sample reviewed encompasses both old and new measures. It includes the longest-standing ALMP in Germany, JA Plus, in place since 1998, and VTOS in Ireland, set up in 1989, as well as very new measures like PICE in Spain (established in 2015) and the recently extended Ohjaamo measure in Finland (2015). As a result, this review presents examples of both ongoing adaptations made to well-established measures as well as initial challenges encountered by new measures. An example of an adaptation to an existing measure is spacelab's (Austria) module focusing solely on young women. Since its inception in 2015, spacelab has been continuously adapting to the needs of young people, and in 2013, it was found that some young women did not want to participate or were not allowed by their parents to do so because men were also participating. An example of adjustments made to a new measure comes from the Spanish PICE measure. This initiative, which is carried out by local chambers of commerce, includes some coordination activity at national level. Monitoring revealed that a considerable proportion of young people dropped out after the initial phase, which had overly ambitious targets. In order to further prevent high dropout rates, good practice from different local settings was circulated so that local actors could learn from each other's experiences. As these examples illustrate, monitoring take-up as well as regularly consulting stakeholders and beneficiaries can enable a measure to continuously adapt in its efforts to engage long-term disengaged young people.

Summary

This chapter looked at the resources invested in the 10 policy measures reviewed by this study, as well as the outcomes for the young people who participate and a number of common success factors. Measures vary in terms of resources allocated to them, both financing and human resources, and in terms of the results they achieve. In this respect, it is worth noting that, in the majority of cases, ESF funding played an important role, either in the initial project phase or on an ongoing basis. Some results are remarkable, including 50% of participants placed in non-subsidised jobs (Germany), a 30% higher probability of being employed after 6 and 12 months of participation (Italy), 48% of long-term unemployed young people in employment one month after participation (Sweden), and one in four participants finding a job (Finland). However, it needs to be noted that consistent monitoring and good-quality evaluations have yet to become integral components of the majority of the measures.

In designing and implementing effective policy solutions to the pressing issue of long-term youth unemployment, the following success factors were identified.

PES registration: Registering with PES is central to getting young people back on track, but in many Member States young people are less likely to do so than other age groups. The reasons for this are many, including issues over eligibility for unemployment benefits, lack of work experience, and obligations and sanctions imposed by the PES, as well as the reputation of such institutions. There are, however, ways and means to work around these issues if necessary. As was highlighted in the previous chapter, in some cases, stakeholders go beyond more traditional entry points to engage young people, for example by making contact in public places or online outreach.

In-depth assessment and individualised pathways: In-depth assessment of individual needs and resources is key to placing young people into appropriate measures. Typically, the measures reviewed here include elements such as counselling, mentoring, referral to specialised support, and tailor-made training and job placements, as well as flexible and sustained support through all stages of the programme. In some cases, young people are categorised according to different pathways back into employment, education or training.

Involvement of employers: Chambers of commerce can take on the role of intermediary between young job-seekers and the world of work, making use of their extensive network of company contacts. Internships and work experience more generally are still considered as important stepping stones into employment. Hiring bonuses for employers can be used in addition to the work-integration programmes. Job fairs, company visits and assistance with job searches – both on the side of the young person and the company seeking to fill a position – are further means to engage employers in policy measures for young people.

Besides these dimensions of the programmes, which are largely in line with what was set out by the Council Recommendation of 15 February 2016 on the integration of the long-term unemployed (Council of the European Union, 2016), other interesting elements emerged from this comparative review.

- **E-outreach:** As found in Eurofound's 2015 report on the social inclusion of young people, policy measures for young people increasingly make use of online tools and social media to attract and recruit young people as well as to keep them engaged. This form of outreach may prove both target-group specific and cost-efficient.
- **Focus on employability in the broadest sense:** This can happen by building up commitment, self-awareness and self-confidence in young people and developing mutual trust over time. Work experience plays an important role, as does mentoring and guidance throughout the programme, in some cases even after the programme has finished.
- **Second chances:** Particularly when dealing with young people who have multiple disadvantages, it can pay off to take a step-by-step approach, allowing participants to increase their commitment to a measure over time and giving them second chances in order to avoid having them drop out. This is especially relevant as participants may have past experience of dropping out of similar measures.
- **Managing expectations** when setting up such programmes is important; projected outcomes should not be too ambitious, as many young people are likely to drop out for different reasons, for example because they reach the measure's age limit, find a job or return to education.

6 | Conclusions

The recent economic crisis had a detrimental effect on the youth labour market. The period 2008–2013 was characterised by dramatically falling youth employment rates and soaring NEET and youth unemployment rates. According to Eurostat data, the majority of EU Member States recorded their highest level of youth unemployment in this period.

The huge sense of crisis, and the risk of losing a generation to social disengagement, mobilised European and national policymakers to work to defuse the youth unemployment bomb. In 2013, the Youth Guarantee was endorsed by the Council of the European Union, and Member States swiftly started its implementation through the submission of national implementation plans. Thanks to an improved economic situation, and with some positive effects of this policy effort, the youth labour market started to improve in 2014. Youth employment rates started to slowly increase, while youth unemployment and NEET rates decreased, at a faster rate.

Despite the brighter scenario, Europe is still dealing with the consequences of the crisis in the youth labour market. In 2016, youth unemployment (those aged 15–24 years) was still above 18%, against 8.2% for prime-age workers (25–49 years) and 6.5% of older workers (50–64 years). As a legacy of the Great Recession, around one-third of young unemployed people in 2016 had been looking for a job for 12 months or more without success, corresponding to almost 1.3 million young people. These are the long-term unemployed young people, those who are experiencing long-term disengagement from labour market.

The share of long-term unemployed among unemployed prime-age and older workers is higher than among young unemployed people. Nevertheless, young people as a population are harder hit by long-term unemployment: 5.5% of the active population of young people are long-term unemployed, as against 3.9% of prime-age and older workers. The share of long-term unemployed among young people increased strongly during the crisis, going from 3.6% in 2008 to almost 8% in 2013, before its slow but steady decrease to 5.5%.

Experiencing protracted disengagement from the labour market at a young age is a source of great concern, due to the consequences that this may have for a young person. This report has shown that long-term unemployment seriously affects young people, with dramatic consequences for several dimensions of their well-being. In particular, using data from the 2011 European Quality of Life Survey (EQLS), it was found that long-term unemployment harms the personal well-being of young people, reducing their

overall life satisfaction, while also increasing their risk of social exclusion and lowering their positive feeling about the future. Moreover, long-term unemployment increases the material deprivation of young people in comparison with other young people, including the short-term unemployed.

This report confirmed the existence of scarring effects that early experience of long-term unemployment may have on lifelong employment and the earning prospects of young people. In particular, using data from the 2014 European Social Survey (ESS), the analysis showed that, while scarring effects on employment participation tend to disappear over time, past and early experiences of long-term unemployment have a lifelong negative effect on earning prospects. For those who had experienced long-term unemployment, it entailed a lifelong penalty on income in comparison with those who did not experience it. Additionally, a permanent scar remains in terms of the type of jobs available, with long-term unemployed people more likely to be employed in semi-skilled or unskilled jobs.

Because of the serious consequences of long-term unemployment, the European Commission and the Council of the European Union in 2016 promoted a Recommendation on the integration of the long-term unemployed into the labour market. It suggests that three steps should be followed in order to re-engage the long-term unemployed: registration with the public employment services; an in-depth assessment of individual needs and a job integration agreement, at the latest within 18 months of unemployment; and the inclusion of several support measures in the job-integration agreement steps.

While the recommendation is not specifically addressed to young people, the principles of intervention follow a similar approach to that outlined by the Youth Guarantee and highlight the importance of an in-depth assessment of individual needs, hence a tailored approach that may take on board the characteristics and needs of the job-seeker.

This report underlined the importance of an in-depth assessment of individual needs by showing that long-term unemployment does not affect all young people in the same way and that long-term unemployed people tend to have specific needs and characteristics that are different from the needs of other unemployed people. In particular, lack of education and lack of work experience are the two main driving factors that increase the likelihood of a young person becoming long-term unemployed. This highlights the need for a wide range of policies for reintegrating long-term unemployed young people, including policies that aim

to re-engage them with education and to provide work experience.

While not always specifically addressed to long-term unemployed young people, several initiatives have been implemented by Member States that aim to address the many issues confronting young people at risk of disengagement from employment, education or training. Such approaches adopted by Member States range from preventative actions, which aim to prevent young people from becoming long-term unemployed, to reintegrative approaches and reforms to remove the structural barriers to labour market access that young people face. The services provided include the provision of education or employment opportunities, as well as ad-hoc social services addressing more complex situations.

By reviewing the policy initiatives recently implemented in 10 Member States, this report has shown that the first step needed in order to successfully reintegrate long-term unemployed young people into the labour market or in education is to reach them and to proceed with their registration with the public employment services (PES). While traditional forms of contact may be expensive and not very effective, reaching out to young people via alternative channels, especially online through dedicated websites, online tools or social media, may be an effective and cost-effective option,

especially in countries where these young people are less likely to register with the PES.

Furthermore, given the multiple levels of disadvantage that long-term unemployed young people are more likely to face, efforts to improve their employability should be wide-ranging. In particular, they should address motivation levels, as well as trust and confidence in the relevant institutions, something that may have been destroyed by their long-term detachment from the labour market and education. A good level of trust between long-term unemployed people and the institution providing the programme seems to be a necessary condition for achieving positive results, including the successful reintegration of the individual into the labour market or education.

The situation of long-term unemployed young people calls for multidimensional policy responses, including innovative approaches in policy design and implementation. A holistic, individualised and youth-centred approach that includes elements such as counselling, mentoring, referral to specialised support, tailor-made training and job placements, as well as flexible and sustained support through all stages of the programme, are crucial success factors for bringing young people back on track.

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Annex

Detailed results of statistical analyses

Table A1: Logistic regressions for the EU (excluding Malta)

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Age (ref: 15–19 years)						
20–24 years	1.47**	1.46**	1.61**	2.98**	2.74**	3.73**
25–29 years	1.22**	1.23**	1.42**	5.37**	4.29**	5.87**
Education (ref: Medium)						
Low	1.74**	1.76**	1.73**	1.85	1.81**	1.95**
High	0.62**	0.63**	0.68**	0.48**	0.56**	0.47**
Missing	0.66	0.67	0.85*	1.01	1.52	2.21**
Gender (ref: Male)						
Female	1.20**	1.12**	1.08**	0.91	0.87	0.85**
Marital status (ref: Married/divorced/separated)						
Single	1.26**	1.27**	1.26**	1.16	1.00	1.07
Missing	1.28	0.11	0.67	0.51	17.49	1.00
Years of residence (ref: National)						
1–4 years	0.89	1.10	1.28**	0.41**	0.62**	0.62**
5–9 years	0.98	1.03	1.09	0.65**	0.97	0.95
> 9 years	1.21**	1.33**	1.20**	1.04	0.88	0.78**
Missing	1.15	1.11	0.58**	0.20**	1.65	0.55
Sector (ref: Manufacturing (NACE Rev. 1.1 in 2007, NACE Rev. 2 after))						
Agriculture	1.02	0.89	0.94	1.14	0.75	0.62**
Mining	0.51	0.97	0.53	0.87	0.69	0.54
Electricity	0.59	0.79	0.80	1.05*	1.06	1.24
Water	1.22	1.22	0.95	3.61**	1.24	0.51
Construction	1.36**	1.48**	1.42**	1.20	1.15	1.01
Commerce	1.06	1.13*	1.15**	1.30**	1.09	1.00
Transport	0.92	1.11	1.15	0.77	0.85	0.80
Horeca	1.55**	1.55**	1.61**	1.08	0.98	0.77**
Information	0.88	0.78**	0.79**	1.03	1.34	1.02
Financial	0.73**	0.69**	0.71**	0.68	1.41	1.41
Real estate	0.72	0.84	0.84	0.29	1.49	1.39
Professional activities	0.76**	0.88	0.78**	0.95	1.02	1.30
Administrative activities	1.40**	1.66**	1.46**	1.14	0.99	1.04
Public administration	0.68**	0.85*	0.96	1.74**	0.99	1.79**
Education	0.92	1.05	0.90	1.09	1.23	1.06
Health	0.77**	0.72**	0.74**	1.03	0.91	1.09
Arts	1.19	1.30**	1.23*	0.97	0.98	0.97
Other	0.99	1.03*	1.20*	1.40	1.36	1.29
Households	1.17	0.92	0.97	2.40**	1.14	1.71*
Extraterritorial	1.18	0.37	3.44**	1.19	0.43	1.12
Missing	274.32**	256.84	193.29**	2.16**	1.74**	2.76**

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Previous work experience (ref: Yes)						
No experience				1.42	1.35	0.84
Missing				0.71	0.52	0.53
Country (ref: Germany)						
Austria	0.70**	0.94	1.47**	0.46**	0.62**	0.84
Belgium	1.32**	1.62**	2.17**	1.09	1.40	1.90**
Bulgaria	0.66**	2.22**	2.43**	1.53	2.86**	3.45**
Croatia	1.17	3.57**	5.51**	1.88**	2.82**	3.74**
Cyprus	0.78	2.30**	4.91**	0.38	0.91	2.94**
Czech Republic	0.10	0.21	0.19	0.25	0.20	0.25
Denmark	0.62**	1.63**	1.47**	0.16**	0.47**	0.47**
Estonia	0.75	2.28**	1.67	0.52	2.07	1.45
Finland	1.28	2.12**	2.74**	0.16**	0.19**	0.25**
France	1.25**	2.24**	2.89**	0.88	1.47**	1.83**
Greece	1.16	4.66**	7.70**	1.15	2.29**	5.54**
Hungary	1.35	2.45**	1.67**	0.97	1.57**	1.36
Ireland	1.07	3.44**	2.56**	0.58*	3.06**	2.71**
Italy	1.14	1.84**	3.68**	1.47**	2.77**	4.73**
Latvia	1.22	3.08**	2.15**	0.36**	1.64	0.98
Lithuania	1.12	3.54**	2.67**	0.23**	1.52	1.08
Luxembourg	1.47	0.77	1.18	0.85	0.74	0.46
Netherlands	0.04**	0.07**	0.13**	0.34**	0.35**	0.59**
Poland	1.31**	2.63**	2.68**	0.59**	1.05	1.49**
Portugal	1.17	2.88**	3.86**	0.90	1.60**	3.04**
Romania	0.58**	1.15	1.24*	1.11	1.42**	1.47**
Slovakia	1.21	2.73**	2.47**	2.22**	3.33**	3.87**
Slovenia	0.55**	1.65*	0.78	0.68	1.63	1.38
Spain	2.24**	6.48**	8.42**	0.46**	2.02**	3.35**
Sweden	1.18	1.57**	1.84**	0.11**	0.26**	0.25**
United Kingdom	0.94	1.71**	1.44**	0.54**	1.05	1.29**
_cons	0.04**	0.03**	0.02**	0.08**	0.09**	0.06**
Observations	374,492	376,278	368,302	44,609	67,151	64,929
R-sqr.	0.32	0.33	0.36	0.12	0.10	0.14

Notes: The table shows odds ratios. Variables significant at the 5% level are marked by **; those significant at the 10% level are marked by *.

Table A2: Logistic regressions for the country cluster of continental and Nordic countries

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Age (ref: 15–19 years)						
20–24 years	1.81**	1.51**	1.63**	2.68**	2.53**	3.52**
25–29 years	1.55**	1.40**	1.48**	5.47**	4.41**	5.29**
Education (ref: Medium)						
Low	2.00**	2.01**	1.83**	2.17**	2.11**	2.21**
High	0.51**	0.54**	0.60**	0.42**	0.41**	0.35**
Missing	0.74	0.72	0.97	1.05	1.57	2.32**
Gender (ref: Male)						
Female	1.12**	1.04	0.99	0.81**	0.73**	0.73**
Marital status (ref: Married/divorced/separated)						
Single	1.22**	1.18**	1.13	1.32*	0.99	1.01
Missing	1.00	0.11	0.56	1.00	23.83	1.00
Years of residence (ref: National)						
1–4 years	0.91	1.00	1.33**	0.51**	0.58**	0.65**
5–9 years	1.03	1.21*	1.30**	0.81	1.15	1.05
> 9 years	1.15	1.32**	1.39**	1.16	0.96	0.86
Missing	1.21	1.12	0.64	0.19**	1.92	0.81
Sector (ref: Manufacturing (NACE Rev. 1.1 in 2007, NACE Rev. 2 after))						
Agriculture	1.34	1.40*	0.75	1.39	1.35	1.03
Mining	0.51	2.12	0.86	6.03	0.23	0.49
Electricity	0.50	0.70	0.75	1.45	0.50	1.04
Water	1.26	1.14	1.15	4.98**	1.29	0.53
Construction	1.41**	1.23**	0.96	1.49*	1.29	0.98
Commerce	1.06	1.29**	1.10	1.41*	1.32	1.14
Transport	0.88	1.17	1.17	0.79	1.15	1.02
Horeca	1.56**	1.63**	1.58**	1.15	1.20	0.93
Information	0.82	0.81	0.79	1.17	2.17**	0.80
Financial	0.76	0.53**	0.55**	0.34	1.59	1.21
Real estate	0.41**	0.76	0.51**	0.05	1.69	1.44
Professional activities	0.11	0.11	0.10	0.25	0.37	0.68
Administrative activities	1.36**	1.81**	1.37**	1.09	1.19	1.03
Public administration	0.44**	0.60**	0.64**	1.86*	1.46	2.50**
Education	0.87	1.10	0.72**	0.64	1.87**	1.41
Health	0.75**	0.73**	0.68**	0.98	1.17	1.25
Arts	1.00	1.15	0.88	0.75	1.59	0.94
Other	1.10	1.20	1.01	1.50	1.79*	1.91**
Households	0.70	0.70	0.48	4.52**	1.36	2.88
Extraterritorial	0.97	0.43	2.92	1.64	1.00	2.51
Missing	135.22**	147.49**	99.43**	1.83**	2.33**	2.88**
Previous work experience (ref: Yes)						
No experience				1.46	1.38	0.96
Missing				0.81	0.46	0.52

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Country (ref: Germany)						
Austria	0.71**	0.94	1.49**	0.45**	0.62**	0.85
Belgium	1.36**	1.67**	2.26**	1.17	1.47*	1.99**
Denmark	0.63**	1.59**	1.49**	0.16**	0.46**	0.46**
Finland	1.31*	2.10**	2.81**	0.16**	0.18**	0.25**
France	1.31**	2.31**	3.04**	0.93	1.55**	1.95**
Luxembourg	1.48	0.85	1.26	0.85	0.75	0.45
Netherlands	0.07**	0.11**	0.20**	0.36**	0.34**	0.60**
Slovenia	0.61	1.66**	1.01	0.78	1.79	1.62
Sweden	1.25*	1.62**	1.92**	0.11**	0.25**	0.23**
United Kingdom	1.00	1.79**	1.53**	0.55**	1.08	1.30**
_cons	0.03**	0.03**	0.03**	0.07**	0.08**	0.06**
Observations	132,277	164,105	186,949	12,550	19,134	20,401
R-sqr.	0.30	0.30	0.31	0.12	0.11	0.13

Notes: The table shows odds ratios. Variables significant at the 5% level are marked by **; those significant at the 10% level are marked by *.

Table A3: Logistic regressions for the country cluster of Mediterranean countries

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Age (ref: 15–19 years)						
20–24 years	0.88	1.24*	1.35**	3.28**	2.98**	4.18**
25–29 years	0.67**	0.91	1.08	5.16**	4.14**	6.24**
Education (ref: Medium)						
Low	1.44**	1.44**	1.60**	1.56**	1.58**	1.79**
High	0.77**	0.81**	0.80**	0.50**	0.64**	0.52**
Missing	0.68	0.79	0.21	1.38	0.95	0.77
Gender (ref: Male)						
Female	1.36**	1.18**	1.17**	1.09	1.00	0.95
Marital status (ref: Married/divorced/separated)						
Single	1.17*	1.31**	1.27**	1.01	1.02	1.15
Missing	1.00	1.00	1.00	1.00	1.00	1.00
Years of residence (ref: National)						
1–4 years	0.85	1.24	1.01	0.30**	0.67**	0.62*
5–9 years	0.99	0.96	0.93	0.53**	0.90	0.90
> 9 years	1.35*	1.36**	1.00	0.82	0.81	0.72**
Missing	0.70	1.11	0.37	0.50	0.38	0.15
Sector (ref: Manufacturing (NACE Rev. 1.1 in 2007, NACE Rev. 2 after))						
Agriculture	1.59**	1.28*	1.50**	1.39	0.62*	0.61**
Mining	0.18	1.27	0.45	0.09	0.88	0.69
Electricity	1.02	1.19	0.95	0.82	2.09	1.85
Water	0.80	1.44	0.70	3.34	1.58	0.61
Construction	1.46**	1.97**	2.13**	1.09	1.30	1.20
Commerce	1.05	1.05	1.16	1.24	0.98	0.93
Transport	1.08	1.21	1.15	0.63	0.73	0.66

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Sector (ref: Manufacturing (NACE Rev. 1.1 in 2007, NACE Rev. 2 after))						
Horeca	1.50**	1.61**	1.67*	1.10	0.94	0.67**
Information	1.10	0.83	0.77	1.03	1.13	1.07
Financial	0.74	1.00	0.96	1.62	1.62	2.11
Real estate	1.72	1.03	1.52	0.40	2.07	1.47
Professional activities	0.14	0.16	0.14	0.70	0.31	0.34
Administrative activities	1.33*	1.56**	1.46**	1.31	0.92	1.26
Public administration	0.93	1.05	1.46**	1.93	0.79	1.74
Education	1.02	0.94	1.13	1.76	1.00	0.80
Health	0.73*	0.65**	0.73**	1.14	0.85	0.97
Arts	1.57**	1.56**	1.70**	1.56	0.82	0.99
Other	0.87	0.96	1.45**	1.25	1.24	1.09
Households	1.33	1.10	1.32	2.84**	1.10	1.68
Extraterritorial	1.64	0.28	4.96*	1.18	3.72	0.42
Missing	3,636.94**	3,923.27**	6,827.28**	3.97**	1.38	5.04**
Previous work experience (ref: Yes)						
No experience				0.98	1.50	0.40
Missing				1.00	0.68	0.06
Country (ref: Italy)						
Croatia	0.91	1.82**	1.41**	1.18	1.00	0.79
Cyprus	0.63	1.11	1.27	0.26	0.31**	0.59
Greece	0.96	2.50**	2.00**	0.74	0.81	1.14
Ireland	0.86	1.73**	0.67**	0.42**	1.09	0.57**
Portugal	1.06	1.66**	1.06	0.63**	0.59**	0.63**
Spain	1.97**	3.60**	2.28**	0.36**	0.74**	0.70**
_cons	0.07**	0.06**	0.09**	0.11**	0.26**	0.27**
Observations	135,456	108,798	93,039	19,304	27,944	29,513
R-sqr.	0.29	0.29	0.32	0.14	0.05	0.08

Notes: The table shows odds ratios. Variables significant at the 5% level are marked by **; those significant at the 10% level are marked by *.

Table A4: Logistic regressions for the country cluster of eastern European countries

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Age (ref: 15–19 years)						
20–24 years	1.73**	2.14**	1.57*	3.43**	3.46**	3.79**
25–29 years	1.61**	1.94**	1.74**	5.82**	5.53**	7.16**
Education (ref: Medium)						
Low	2.18**	2.29**	2.05**	1.82**	1.64**	1.62**
High	0.57**	0.47**	0.57**	0.43**	0.60**	0.50**
Missing	1.00	1.44	1.00	1.00	1.00	1.00
Gender (ref: Male)						
Female	1.29**	1.30**	1.28**	0.91	0.93	0.83
Marital status (ref: Married/divorced/separated)						
Single	1.40**	1.35**	1.59**	1.14	1.03	1.07
Missing	1.55	1.00	1.00	0.51	1.00	1.00
Years of residence (ref: National)						
1–4 years	0.20	0.39	1.99	1.00	1.60	0.61
5–9 years	0.52	0.76	0.57	0.67	1.75	0.12
> 9 years	0.98	0.92	1.04	1.86	1.03	0.76
Missing	8.96	2.54	9.37	2.73	1.00	1.00
Sector (ref: Manufacturing (NACE Rev. 1.1 in 2007, NACE Rev. 2 after))						
Agriculture	0.53**	0.45**	0.66**	0.75	0.67	0.44*
Mining	0.90	0.42	0.42	0.09	1.09	0.54
Electricity	0.31	0.42	0.58	1.00	0.69	2.35
Water	1.47	1.09	0.96	1.58	1.04	0.33
Construction	1.17	1.43**	1.75**	0.94	0.82	0.75
Commerce	1.04	0.99	1.19	1.16	1.02	0.90
Transport	0.73	0.79	0.89	1.08	0.64	0.55
Horeca	1.49**	1.26	1.51**	0.87	0.70	0.94
Information	0.57	0.65	0.76	0.53	0.75	1.53
Financial	0.55	0.83	0.92	0.95	0.94	0.98
Real estate	0.57	0.98	1.33	0.29	0.70	0.92
Professional activities	0.90	0.80	0.77	1.26	0.59	0.85
Administrative activities	1.39	1.20	1.46**	0.73	0.88	0.55
Public administration	1.13	1.20	1.21	1.38	0.90	1.12
Education	0.82	1.13	0.95	2.13	0.82	1.18
Health	0.72	0.76	0.72	1.35	0.65	1.43
Arts	0.99	1.25	1.03	0.35	0.58	0.66
Other	0.91	0.81	1.06	1.83	1.24	0.67
Households	4.21**	0.92	1.25	0.56	0.52	0.03
Extraterritorial	1.00	1.00	0.59	1.00	1.00	1.00
Missing	9,115.11**	5,370.69**	1,001.45**	1.97	1.46	2.70*
Previous work experience (ref: Yes)						
No experience				1.36	1.22	0.79
Missing				1.00	1.00	1.00

	Logit 1: Employed and unemployed			Logit 2: Short- and long-term unemployed		
	2008	2011	2014	2008	2011	2014
Country (ref: Poland)						
Bulgaria	0.45**	0.80	0.86	2.77**	2.82**	2.36**
Czech Republic	0.08	0.08	0.07	0.44	0.20	0.16
Estonia	0.53	0.81	0.58	0.89	2.02*	0.99
Hungary	0.96	0.85	0.56**	1.62**	1.48*	0.97
Latvia	0.91	1.14	0.77	0.62	1.62	0.69
Lithuania	0.85	1.37	1.04	0.38	1.47	0.76
Romania	0.37**	0.40**	0.40**	1.94**	1.43**	0.99
Slovakia	0.87	0.96	0.84	3.74**	3.21**	2.52**
_cons	0.04**	0.05**	0.04**	0.05**	0.09**	0.10**
Observations	106,746	103,364	88,313	12,729	20,061	15,012
R-sqr.	0.441	0.3853	0.4193	0.1139	0.0758	0.0927

Notes: The table shows odds ratios. Variables significant at the 5% level are marked by **; those significant at the 10% level are marked by *.

Table A5: Results of regressions for labour market institutions individually considered

	Pooled OLS	Random-effects	Fixed-effects	Fixed-effects + covariate	Number of observations
Labour market institutions					
Minimum wage	-0.06**	0.03	0.10*	0.00	340
ALMP	-22.84**	-21.27**	-20.72**	2.21	345
Level of coordination					642 (505)
Coordination 2	0.18	-1.39**	-1.62**	0.91**	
Coordination 3	2.08**	-0.71	-0.96	-0.08	
Coordination 4	-2.65**	-4.17**	-4.39**	-0.01	
Coordination 5	-1.86**	-2.81**	-2.91**	-1.06**	
Coverage	-0.02**	-0.07**	-0.09**	-0.02*	529 (425)
Macroeconomic conditions					
Adult unemployment rate	1.00**	1.01**	1.01**		508 (489)
GDP growth	-0.11*	-0.11**	-0.11**	0.07**	533 (493)
Demographic and labour market characteristics					
Young people cohort size	-0.02	-0.21**	-0.22**	0.04	645 (508)
Temporary employment share	0.03**	0.08**	0.09**	0.02*	640 (506)
Part-time employment share	-0.12**	0.11**	0.15**	0.03	641 (505)

Notes: The table shows odds ratios. Variables significant at the 5% level are marked by **; those significant at the 10% level are marked by *.

While the youth labour market has improved considerably since 2014, one legacy of the recent economic crisis is the large cohort of long-term unemployed young people, which represents nearly one-third of jobless young people. This report provides an updated profile of the youth labour market in 2016 and describes trends over the past decade. It explores the determinants of long-term unemployment, at both sociodemographic and macroeconomic levels. It also provides evidence on the serious consequences for young people of spending a protracted time in unemployment, such as scarring effects on income and occupation and on several dimensions of young people's well-being. The report concludes with a discussion of selected policy measures recently implemented by 10 Member States in order to prevent young people from becoming long-term unemployed or, if they are in such circumstances, to integrate them into the labour market or education.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social, employment and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.